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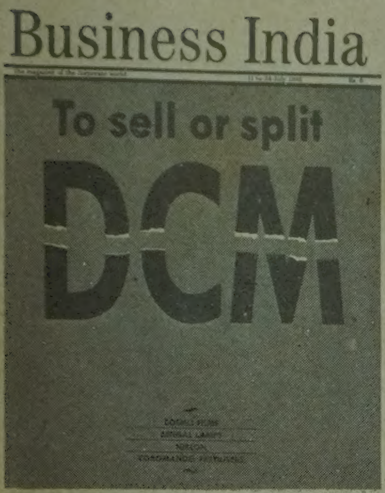
CONTENTS

11-24 July 1988

270



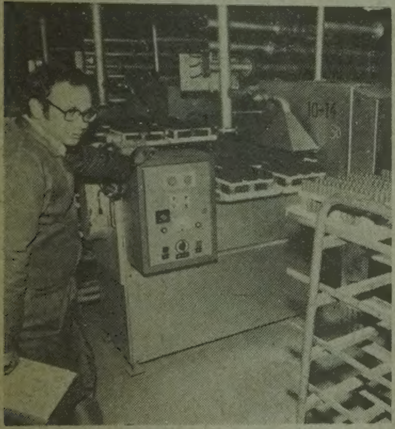
COVER FEATURE

37 DCM

To split or sell

In business, mistakes are rarely fatal. But a failure to deal with their consequences is fatal. For DCM, the cash-strapped and ailing giant coping with myriad mistakes, this is the moment of reckoning. Decisions taken today will alter the structure of the company completely — well beyond recognition

DILIP CHERIAN



CORPORATE REPORTS

45 Cosmo Films

Troubled but confident

With a relatively small turnover and capital base, the Cosmo group companies have turned out higher profits than companies several times larger. But with competition in the BOPP film industry hotting up, and the market for ferrites uncertain, the future appears to be quite difficult

ALAM SRINIVAS

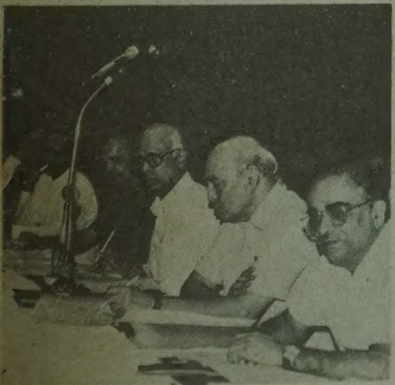
long life
long life R.C.
long life R.C.

53 Bengal Lamps

An uncertain light

Though an ailing company, Bengal Lamps would make an attractive acquisition. And Kishore Chhabria is taking a dim view of the Roy brothers having second thoughts about selling the company to him

MADHUMITA BOSE



57 Nirlon

Long haul for the new guard

A new management, fresh releases of funds and a stiff dose of financial discipline may help pull the ailing Nirlon Synthetic Fibres & Chemicals out of the trough. But past losses will make the revival process difficult and painful

SHANKAR P

61 Coromandel Fertilisers

Takers all around

EID Parry has increased its holding in Coromandel Fertilisers. The Hindujas and Muthiah of Spic are reportedly interested in the company too

SUSHILA RAVINDRANATH

84 PHOTO FEATURE

With the feature on the diamond industry we introduce a new section.

PANKAJ DESAI

33 ECONOMY

Proving resilient

D.T. LAKDAWALA

63 ENERGY

Vast scope for conservation

ASPI CONTRACTOR

67 FOCUS

Mastershares

Mastering the market

RAFIQ DOSSANI with S.N. VASUKI

73 MANAGEMENT

NMP

A slapdash affair

A SPECIAL CORRESPONDENT

76 BANKING

Foreign banks

Consolidating their position

KEYA SARKAR

79 PUBLIC SECTOR

Rourkela Steel Plant

Down but not out

R.L. PATNAIK

90 GOVERNMENT

Bofors again

JASWANT SINGH

92 STATES

Karnataka

Kerala

Rajasthan

98 COLUMN

India towards the 21st century

Rising with the Pacific tide

PARTHA GHOSH

102 EXPORTS

Flowers

With love, from India

SRINIVAS RAJU

105 INTERNATIONAL

J.C. Penney

The India sellout

BASUDEV DASS

192 INTERVIEW

Gautam Khanna, president, TAAI

RATNA SAHAI

76 Banking
14 Businessmen in the News
16 Business Notes
98 Column
119 Corporate Monitor
45 Corporate Reports
37 Cover Feature
140 Deposits
33 Economy
63 Energy
31 Economic Indices
153 Executive Ladder
150 Executive Life/Style
102 Exports
67 Focus
6 For Your Information
90 Government
105 International
192 Interview
142 Investor Contest
3 Letter from the Publisher
4 Letters to the Editor
9 Listening Post
73 Management
132 Market News
131 New Issues
10 News & Events
147 People
149 Personal Business
84 Photo Feature
145 Professional Profile
79 Public Sector
154 Reader Service
92 States
138 Stockmarkets
109 World Paper

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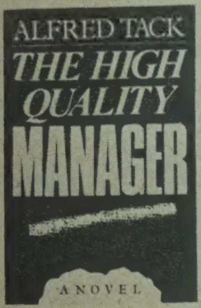
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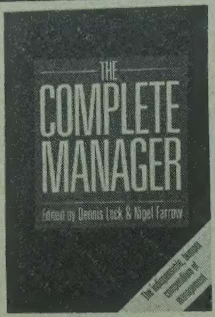
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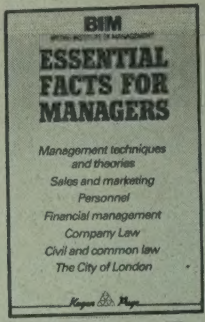
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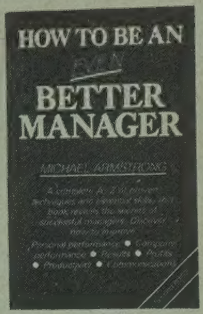
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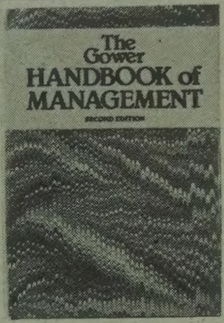
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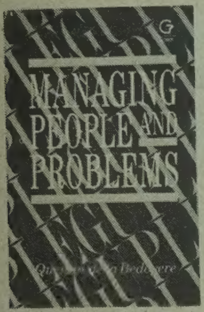
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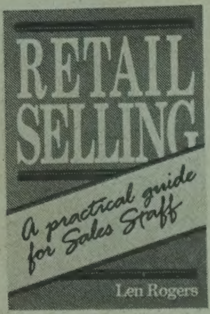
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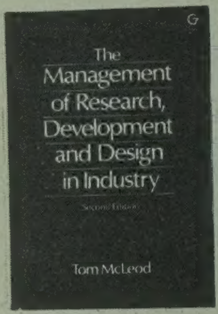
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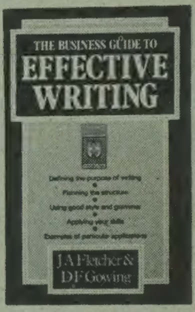
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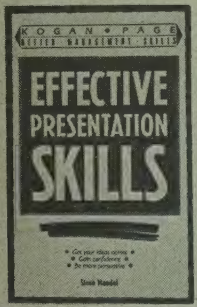
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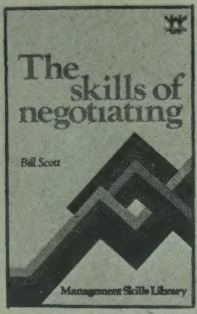
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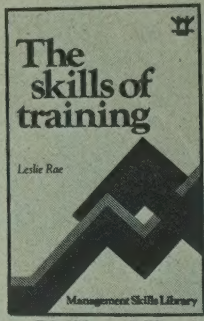
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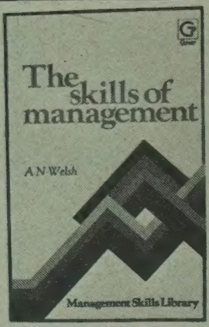
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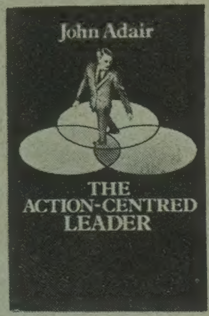
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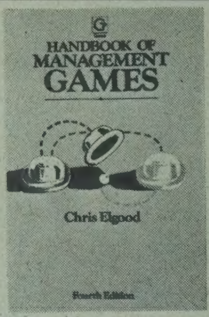
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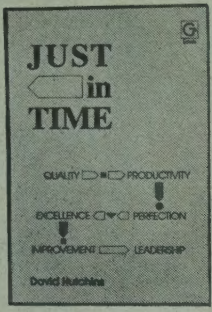
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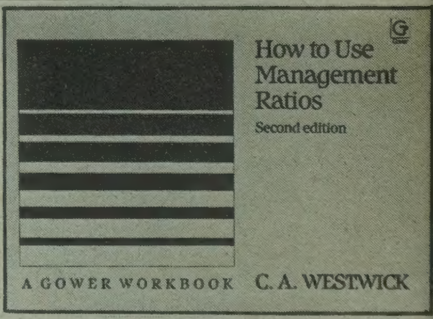
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LETTER FROM THE PUBLISHER

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1 AUG 1988
C.F.T.R.I. MYSORE

Business leaders are agog over the proposed sale of DCM's Kota units. The Indian corporate world has rarely seen such a major sale of assets. The Kota units — fertilisers, PVC, rayon and cement, spread over almost 1,100 acres — have been likened to the family jewels. The sale could fetch upto Rs.300 crores.

Such massive restructuring, though new in India, is very common everywhere else in the world. In fact, it would be true to say that in the last few years the corporate world in the US and in Europe has seen a revolutionary transformation. In the process, industry has emerged much more efficient and competitive. But most important industry has grown rapidly and new jobs have been created on an almost unprecedented scale.

At first blush, it may seem logical to ask why a buyer may want to buy assets that a seller finds out of date and unproductive. Or why a seller cannot realise the same opportunity that a buyer can from the very same assets. The answer lies in the fact that businesses fail or succeed for a variety of different reasons. Often managements fail to modernise their factories, or they fail to handle their employees correctly, or they fail to market their products correctly or very simply the consumers do not want to buy the goods produced. As losses mount up over a period of time, they simply run out of cash.

But in the west even units that are profitable change hands. Again there are several reasons for this. It could be that the owners wish to move from one line of business to another line in which they see greater prospects in the long run; or it could be that they find opportunities that are more profitable.

But it is universally agreed that most important of all it is the quality of management that counts. In a competitive business environment, it is a case of survival of the fittest. However, in India with our protected markets, even the most inefficient managements have survived.

With guaranteed profits, normal corporate problems get peppered over for years. Also, inflation has hidden the losses of old established companies that have assets at very low historical costs on their books. It therefore comes as a great shock to the common man that many companies that are household names have rotted from within.

We as a society must recognise that such restructuring brought about by competitive forces helps us to become economically stronger. We must also recognise that all legal or political impediments to market changes ultimately benefit only no more than 1,000 business families.

We as a society must learn to accept the economic realities of life.

Ashok H. Advani

LETTERS TO THE EDITOR

• The ACC affair

Your cover story on ACC (16 May) was most timely and interesting. What goes on in the corporate sector in respect of share and debenture issues has been brought to light for the first time. The feud between two companies which have had close links in the past reflects the polarisation of forces that is taking place. The concern for retaining control of ACC's top management obviously seems to be an after-thought. The fact that this has happened in a Tata company shows that, as a group, the Tatas are becoming more conscious of their low shareholding and consequent vulnerability to intrusion from outside. It is time they started improving their position as shareholders if they are to retain control of their companies in future.

A.H. CHACHAD
Dharwar

• Discriminatory tax

With effect from 1 October 1987, the government of Maharashtra has introduced a new tax on all motor vehicles sold or brought for use in Maharashtra. This tax is 12-15 per cent of value, in addition to octroi. It is really a sales tax in disguise.

This so-called entry tax is levied only on motor vehicles manufactured outside Maharashtra; for motor vehicles manufactured in Maharashtra, there is no such tax. So it clearly discriminates against products manufactured outside Maharashtra but within the country. Thus it is discriminatory in nature and violates Article 301 of the Constitution of India and is not even saved by Article 304(b) of the Constitution. There is a Supreme Court judgement in a similar case, State of Madhya Pradesh vs Bhailalbhai and others (AIR 1964 SC 1006).

I am sure that if anybody challenges the new tax, the Supreme Court will strike it down. A stay should be obtained from the Court immediately.

It is in the interest of the country as a whole that such discriminatory taxes be struck down immediately.

MAHENDRA SADLANI
Bombay

• Overlooked

Your article on Century Enka (Corporate Report, 2 May) was excellent but not exhaustive. You have totally overlooked Cenka Plastics, a division of Century Enka. It is a well-known name in the engineering, electronic, automotive and packaging industries. It makes thermoplastic polyesters, which are high-performance engineering plastics, under the brand name Arnite. These have been introduced for the first time in India.

Cenka Plastics is a small fish turnoverwise; all the same it has its place in the pond.

V.V. MEHENDALEY
Pune

• ACC-Babcock rescue bid

Dilip Maitra's article on ACC-Babcock (13 June 1988) suffers from many inaccuracies, possibly because the author did not have time to get the data verified from sources other than ABL. Having been associated with the power industry in India for more than two decades and having direct involvement in the marketing of BHEL boilers during the eighties, I would like to point out a few inaccuracies in the article.

BHEL's capacity for manufacture of boilers is not 3,000 MW as indicated in the article but 4,000 MW as accepted by the concerned government authorities.

BHEL never enjoyed a 15 per cent price preference over ABL as stated in the article. Whenever tenders were made, orders were placed after techno-economic evaluation by the customer without giving any price preference to BHEL.

There was no formal/informal work-sharing agreement between BHEL and ABL before or after 1982.

The article says that BHEL reduced the price of boilers and offset this by making up the prices of other equipment, such as turbines. This was never so. It may be mentioned here that each plant of BHEL is a profit centre and there is no transfer of money from other plants to the boiler plant. The prices received for the boilers were good enough for the boiler plant to make respectable profits.

ABL's inability to quote in World Bank tenders was primarily due to bad planning and lack of foresight rather than any governmental favour or bias in favour of BHEL. The World Bank tenders were first floated in the seventies and ABL could well have participated with the back-up guarantee of their collaborators M/s. B&W. BHEL, under similar circumstances, started getting qualified using exactly the same method. Further, such international competition does not give a very comfortable margin to the supplier which may be one of the reasons ABL chose not to participate in World Bank tenders.

If an unbiased analysis is made of the performance of ABL since the beginning of the eighties, it may be seen that ABL's profits started declining from 1982-83 and that it started making a loss from 1983-84. If this could be attributed to lack of orders available for execution during this period, it may be mentioned that orders stopped coming in to ABL from 1980-81 onwards and that it takes about 18-24 months from the date of receipt of orders for commencement of supplies. The non-receipt of orders by ABL can be attributed to the following: decline in customer relations; infighting among the top management of ABL leading to an exodus of key professionals; inability to upgrade its technology; inadequate planning and effort to keep their order books full by trying to secure World Bank tenders instead of waiting for the government to dole out orders to them.

P.K. GUHA THAKURTA
General Manager
BHEL
New Delhi

• A way out for BALCO

In his article on BALCO's Gandhamardhan Bauxite Project of BALCO (States, 13 June) R.L. Patnaik has done an excellent job of describing the dilemma before BALCO, the Orissa government, and the environmental groups.

The basic point seems to be BALCO's need for bauxite, to be processed into alumina and aluminium. While I do not have all the details, I do know that there are huge deposits of bauxite at Panchpatmali in Koraput district of Orissa, and that they are being mined by NALCO and refined into alumina at Damanjodi, also in Koraput district. The capacity of the Damanjodi refinery is well in excess of the needs of the NALCO smelter at Talcher, and NALCO, also a public sector company, exports the excess alumina.

It is well known that the highest value added in the aluminium production process is in the smelting and later stages. Thus, instead of being exported in low value-added form, why cannot the bauxite/alumina of NALCO, from Damanjodi, be supplied to the BALCO refinery at Korba? Has this alternative, which will satisfy the different interests of the various groups involved in the Gandhamardhan controversy, been explored?

VINOD VYASULU
Bangalore

Taken for a ride

This refers to your article on Nirlon (18 April) and the subsequent letter highlighting the plight of those who invested in debentures and fixed deposits.

Apart from Nirlon, other defaulters include many reputed companies like Ambalal Sarabhai Enterprises Ltd (ASE) or Machinery Manufacturers Corporation (MMC) a satellite of Mahindra & Mahindra Ltd.

ASE has adopted the policy of dilly-dallying over the refund of its secured non-convertible debentures. What is the use of calling them secured non-convertible debentures when they are not so at all?

Guaranteed buy-back after one year is nothing but a gimmick and an advertising stunt. There is nothing guaranteed about it. MMC has almost been declared a sick unit and is on the verge of winding up. The small deposit holders have really been taken for a ride. We invested our hard-earned savings in MMC in good faith because it is a sister concern of Mahindra & Mahindra, a reputed firm.

The government of India, before granting permission to companies to raise deposits, should make it mandatory that fixed deposits be insured at least to the extent of Rs.10,000. This is done in the case of bank deposits. Then why not fixed deposits of private companies? The insurance premia should be borne by the said companies. This will safeguard the interests of small depositors, retired persons etc who invest their savings to earn an interest for their livelihood.

R.D. RAHALKAR
Bombay

Correction

In the corporate report on Century Enka (2 May), it has been stated on page 66, paragraph two, that "...Garware Nylons (is) back in the black with a profit of Rs.1.10 crores." This implies that Garware was in the red in earlier years, which is incorrect.

In Market News (30 May), it has been stated on page 134, paragraph two, that "...Garware Nylon skipped payment of dividend in 1986." This too is incorrect — the company paid a dividend of 15 per cent.

The errors are regretted. — *Editor.*

We were first

Your feature on Mudra Communications (Corporate Report, 30 May) states: "Mudra is probably the first advertising agency to start a structured one-year training programme for freshers."

A comprehensive two-year executive training programme was initiated at Advertising and Sales Promotion Company, Bombay Office, by Sylvester da Cunha, then joint general manager of ASP. I had the privilege of drawing up an all-encompassing training manual which was considered the first such effort by any Indian advertising agency.

GEORGE PAUL
Chief Executive
Parade Advertising & Marketing
Bangalore

The lord is exempt

This refers to the item, "Taxing the lord" (Business Notes, 16 May). Even after the Direct Tax Laws (Amendment) Act 1987, the Tirumala-Tirupati Devasthanams (TTD) can very well claim exemption under section 10(23 BBA) of the Income Tax Act 1961 which puts such incomes outside the purview of income-tax.

K.N. RAVICHANDRAN
Coimbatore

Small investors need help

I have read your article on Nirlon (18 April) and B.K. Dalal's letter on the same topic. Dalal is right in saying that debenture holders should unite and take action.

The debenture trustees are taking shelter under the excuse that the company is a "relief undertaking". When Oriental Power Cables Co Ltd, Kota, was declared a "relief undertaking" by the Rajasthan government, the workers' demand for wages was rejected. The matter went up to the Supreme Court which directed the state government to pay the dues since it had declared the company a "relief undertaking".

Small investors, investing up to Rs.20,000, say, have as valid a claim. Many of them are retired people and their livelihood depends on the interest they receive from their investments. Since such investors do not have the resources to go to the Supreme Court, some public-spirited lawyer should move a public interest litigation not only against Nirlon but also against such undertakings as Calico, Ahmedabad etc.

S.S. BHARGAVA,
Kota

Spur to productivity

This is apropos your banking item, 'Farm credit card' (21 March) as launched by Dena Bank.

Although the scheme is quite sound in theory and is likely to render the "indirect benefit" as expected, the benefit is not likely to percolate to the masses in the agricultural sector.

As a matter of fact, a majority of our farmers are illiterate and quite conventional in their approach to credit. The scheme as such smacks of sophistication and requires wide publicity among the village folks who must be educated regarding the benefits of the scheme. Dena Bank's experiment, however, deserves appreciation.

KAVINDRA N. MANN
Kanpur

Phasing out 2-stroke engines

Your article on automobile pollution (18 April) was interesting. However, I would like to point out that Kinetic Honda is not a 4-stroke two-wheeler. Kinetic Honda's wishful thinking appears to have been shared by your correspondent.

I do not agree with N. Lakshman that since the investment in two-wheelers is in excess of Rs.400 crores, it is not possible to phase out 2-stroke two-wheelers. Right now our manufacturers have the collaboration, and their collaborators have the 4-stroke technology. With minor modifications in engine mounting arrangements etc, a 4-stroke engine can be conveniently fitted to existing frames and bodies.

SANJEEV TIWARI
Bhopal

Plywood wonder

"Imagine a car that won't get stuck on an African road no matter how terrible the conditions. That, in essence, is the Africar." This is Tony Howarth modestly describing the vehicle he designed that is about to go into production in Britain.

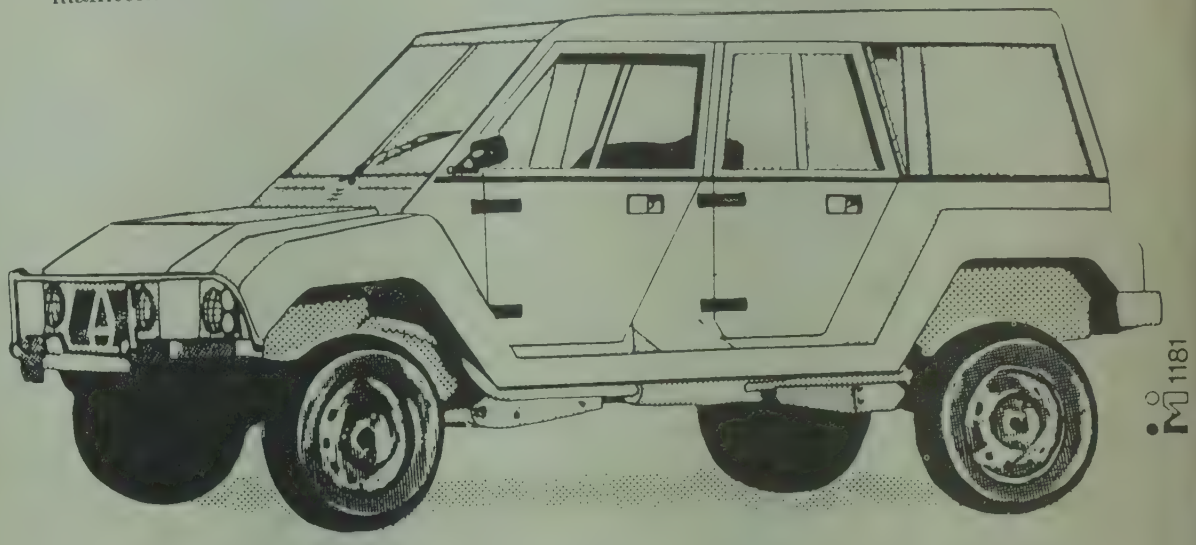
The Africar was designed by Howarth, drawing on the experience of travelling in more than 100 countries on roads which, he says, were often little more than dirt tracks. The ideal car for such conditions, Howarth reckoned, would have a high ground clearance, long travel suspension, a wide track to cope with the ruts left by large trucks, low fuel consumption, and cheap and simple-to-repair mechanical components. This seems a tall order, but the final product more than meets these requirements.

But the Africar has caught the popular imagination for one overriding reason: apart from the engine and other mechanical parts, the vehicle is made entirely of wood. Howarth says that apart from weight considerations, a wooden car is better insulated against Africa's sun than a metal one. More important, wood is more appropriate to the manufacturing conditions in Africa and the developing world than metal.

The idea behind the development of this vehicle was to keep the initial capital cost of production low, since an Africar plant might turn out no more than 5,000 vehicles per year against a conventional vehicle plant in the industrialised world which would perhaps produce 10 or 20 times as many. With wood as the main material, no heavy tools are needed. Moreover, wood is usually available locally, thus making for potential savings through import substitution. Also, the vehicle uses plywood coated with epoxy resin, which not only strengthens it but guards it against moisture and consequent rotting. In fact, so sure is Howarth that the vehicle can withstand the ravages of Africa's moist atmosphere, that Africars are guaranteed for eight years against corrosion, regardless of location or use.

For Howarth, Africar is more than merely a product. He visualises Africar plants throughout Africa much the same way that Coca Cola bottling plants can today be found everywhere. And like the soft drink manufacturer, he sees Africar spreading as a franchising operation.

That may be reaching for the stars, but one thing is certain: if it proves a success, this plywood wonder could well be the vehicle developing countries have been waiting for.



Air-cooled
two or four cylinder
engine for reliability
and simplicity of
maintenance

Body constructed
with epoxy-impregnated
marine plywood

3 versions:
four-wheel pick-up,
four-wheel estate,
17-seat
six-wheel estate

All independent Hydragas
suspension

Ground clearance
12.5 inches
32 cm

Four-wheel drive
cuts-in
when needed

Lighting response

Bureaucratic delay in responding to customer complaints is legendary. And keeping complaints pending for months in dusty files is nearly a matter of tradition.

So the brisk manner in which Delhi Telephones has been disposing of complaints in its telephone *adalats* comes as a pleasant surprise. The fourth such *adalat* was held in May this year. Of the 347 petitions received in response to a notice issued in the local press, 47 were examined and settled by the *adalat*. Interestingly, the day before the *adalat* was to convene, Delhi Telephones is reported to have settled 289 petitions! One wonders about the fate of the 11 remaining petitions. Were they rejected by the staff and not placed before the *adalat?* Or were they held over for the fifth telephone *adalat?*

Nevertheless, the creation of *adalats* is certainly commendable and should go a long way in alleviating customers' woes.

H.J. MAKHIJANI, *New Delhi*

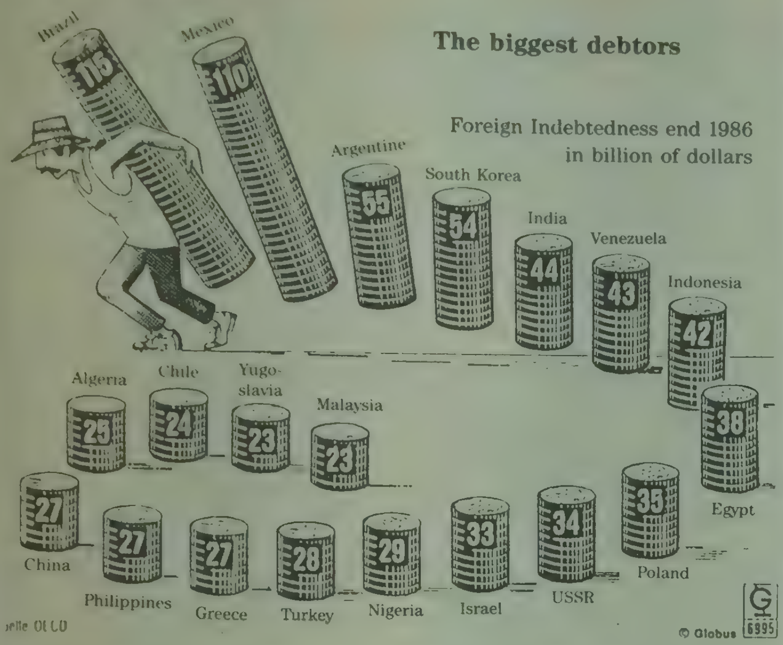
Failed student, good teacher

When Toshiba violated CoCom (Co-ordinating Committee on Multilateral Export Controls) rules which regulate exports to communist countries, the US Congress placed a one to three year ban on all Toshiba products. In a move to avoid such violations in future, the company printed a manual detailing Toshiba's export checking system, and instituted intensive staff training and other measures to satisfy CoCom obligations when exporting to communist countries.

Now Toshiba has a surprise coming its way. Its manual has become a veritable Bible among Japanese companies trading with communist bloc countries. In fact, 10,000 copies of the manual were printed last December. But when the manual hit the stands, the actual demand surpassed all expectations and 3,000 additional copies were hurriedly printed in January.

DINESH KOTASTHANE, *Bombay*

Deeper into debt



India has the dubious distinction of ranking fifth among the world's biggest debtors, according to the 1987-88 World Debt Tables, published by the World Bank. According to studies, there was hope that over a period of time, the combination of strong policy adjustments by the debtor countries and support from a more buoyant global economy would progressively diminish the debt burden. But as figures in the World Debt Tables indicate, no country has significantly reduced its debt ratios. In fact the ratios increased in 1986, and the trend continued through 1987.

ONGC tops public sector

The Oil and Natural Gas Commission (ONGC) dominated the overall performance of public sector companies in 1986-87 in terms of assets, net worth and profits. The following table shows the performance of public sector companies under four different heads. The total foreign exchange earned by the public sector companies during the same period was Rs.3,942 crores constituting 31.4 per cent of the aggregate export earnings of the country. The top five companies in terms of export earnings were Minerals and Metal Trading Corporation (Rs.714 crores). Air-India (Rs.694 crores), State Trading Corporation (Rs.542 crores), Indian Oil (Rs.516 crores) and Indian Airlines (Rs.204 crores).

(Rs. crores)

Total assets	Net worth	Net sales	Gross profits
ONGC 11,621	ONGC (5,995)	IOC (10,980)	ONGC (2,226)
SAIL (9,044)	SAIL (4,056)	FCI (7,457)	IOC (727)
NTPC (7,272)	NTPC (3,905)	ONGC (4,706)	FCI (649)
CIL (6,779)	CIL (3,459)	SAIL (4,094)	NTPC (153)
FCI (6,321)	IOC (1,347)	STC (2,805)	SAIL (259)

China cuts oil exports

Over the last two decades, China has become one of the leading oil exporters in Asia. In 1985, for instance, about 25 per cent of the country's foreign revenue came from oil sales. China's main markets are Japan and the US. However, after the 1986 fall in oil prices, the Chinese government decided that, partly because of internal demand and partly to support efforts by the Organisation of Petroleum Exporting Countries (OPEC) to keep up world oil prices, China would reduce exports of oil and oil products. Earnings from this source fell to $ 3,850 million in 1986, against $ 7,400 million the previous year. Because oil earnings are likely to remain at reduced levels, China may have to increase its foreign borrowings in the future.

16th Century women's lib

Today's employer may pride himself on supporting the women's lib movement by advocating equal pay for both the sexes. But he should learn a thing or two from the 16th century Mughal emperor Akbar whose policies would raise a cheer from women libbers today. Akbar decreed that while the daily wages for male labourers would be four annas, female labourers would be paid six annas, on the ground that they had to hire someone to take care of household duties when they were away. And as if that was not enough, women workers with young children were given eight annas a day to cover the additional expenditure incurred by them.

Akbar could well be the patron saint of women's lib!

Questions' labour lost

While government officials literally burn the midnight oil formulating replies to questions from members of Parliament, the members themselves feel that itis not worth their while to be present during the question-answer hour. In the recent session, for instance, only three or four questions, out of a total of 20, were taken up every day. In fact, over the years, the number of questions has been directly proportional to the number of members absent.

Government officials point out that answering a question is no mean task. They say it takes a joint secretary three to four days to form a watertight reply. Once that is done, the secretary of the department in question, briefs the minister, and replies to possible additional queries are prepared. This requires a lot of groundwork; often the information has to be got from various states, which involves several phone calls and lengthy telexes.

Officials say that if members remain absent from the question-answer period, then this marathon exercise is not only futile, but an unnecessary waste of time, money and labour.

AJAY BHARANIA, *Porbandar*

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Rs.50 paid for each published contribution.

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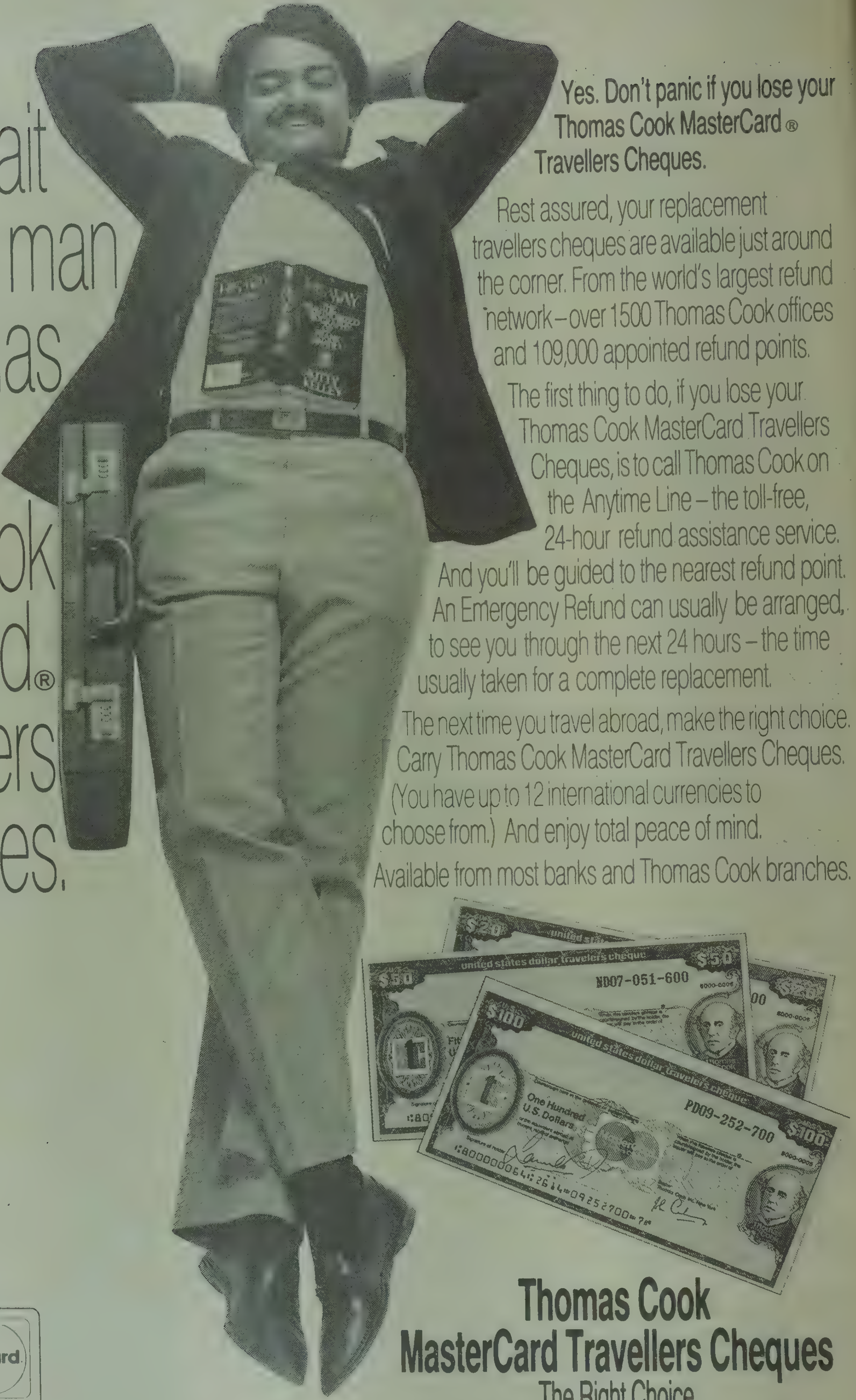
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One Hundred U.S. Dollars
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The Right Choice

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Plane talk

Last fortnight a spanking new Airbus-320 aircraft with its much touted "fly-by-wire" capability, recently acquired by Air France, crashed in France, killing three people. While official investigations are continuing the crash has made Indian Airlines very nervous indeed.

Two years ago Indian Airlines decided to acquire 19 A-320 aircraft (with options for 12 more) at an estimated cost of Rs.1,237 crores. Deliveries start in May next year. While Airbus has allayed fears by stating that the crash was probably due to pilot error, its principal rivals, the Boeing Corporation and McDonnell Douglas (both of the US), have not fully accepted this view.

Both Boeing and Douglas believe the A-320 is not a tried and tested aircraft, and are pushing their own aircraft. Boeing has its 757 and 767 range to offer while Douglas the MD-80 and MD-11 (to roll out in 1990), all essentially medium range aircraft. Will Indian Airlines make the switch?

The A-320 crash also has a bearing on Air-India. For over a year now, the international carrier has been considering purchase of either the MD-11 or the Airbus A-340 aircraft. Informed sources believe that Airbus has powerful friends in New Delhi and the deal until recently appeared to be in favour of the European consortium.

Can Airbus now face the turbulence?

Airbus hits a rough patch

Up for sale

The 40 per cent equity stake of Coutaulds of UK in the 86-year old Calcutta-based Shalimar Paints Ltd is up for sale. When some years ago, Shalimar Paints was rumoured to be up for sale, the company had then denied any such intention.

Apparently, now Courtaulds is very, very keen on a speedy divestment. As one knowledgeable merchant banker put it, Shalimar Paints' foreign holding is not merely being sold, it's being "flogged".

Apparently, R.S. Lodha, a leading chartered accountant of Calcutta, is in London to work out the modalities for the block transfer of shares. According to the financial grapevine, the asking price is between £ 2 million and 3 million.

Any takers?

History repeats itself?

A recent elevation in the corporate hierarchy of Britannia Industries, the largest biscuit manufacturer in the country, has brought protests in the form of resignations. When Sunil Alagh, senior vice-president in-charge of the exports division, was made executive vice president and given additional charge of the bakeries and soya divisions, the appointment did not exactly enthuse some individuals in the company.

It is reported that the incumbent executive vice-president, N. Balasubramanian (finance and soya divisions), and senior vice president S. Kherwadkar (soya division), who are also members of the BIL board, put in their papers to seek greener pastures. While Kherwadkar has joined Citibank as a marketing director of the consumer services division of the bank, Balasubramanian is on long leave. (V.K. Singh, senior VP-bakeries, has been posted to Singapore, with Nabisco, BIL's foreign shareholder).

The recent changes in the top management are reminiscent of what happened six years ago when R.K. Lal was made managing director and the finance and bakeries divisions' directors quit the company.

Good news at last

Is it the end of troubled times for compressor manufacturer, Kirloskar Pneumatic Co., Pune In June, the company cleared the last hurdle in a restructuring exercise when the MRTP Commission permitted the shifting of its tractor division from Nashik to the low overheads manufacturing facility at Saswad (both in Maharashtra).

And it's been a long haul for this company where a consistent profit record was broken by losses ever since the loss making Kirloskar Tractors was merged with it in 1982.

After a series of tough measures that included a voluntary retirement scheme, disposal of non-productive assets and tight cash management, the company seems to be back in the black.

Good news for the shareholders at last.

Go ahead, at last

As is well known, the applications of several leading foreign banks to open branches in India have been pending with the Reserve Bank of India for a long time. Now, apparently in response to a nod from the finance ministry, the Reserve Bank has given the go-ahead to three foreign banks for opening full-fledged branches.

Among these is Barclays Bank of U.K., the first British clearing bank to have got the permission. The other two are a leading Italian bank and a major Japanese bank.

PSI-Bull tie-up

Another manufacturing collaboration in the computer hardware industry has got government approval.

PSI Data Systems, which announced that it had signed up with Bull of France a few months ago in what was described as a breakthrough, has drawn up a phased manufacturing programme (PMP) which the government has approved.

The PSI equity will be enhanced to accommodate Bull's investment of 26 per cent. Unlike the Hinditron-DEC collaboration, PSI is not setting up a new company for this new project.

Venture capital for rural areas planned

In a departure from the accepted concept of venture capital financing, the newly formed Technology Development and Infrastructure Corporation of India (TDICI) proposes to extend this form of assistance to projects in rural areas. The plan under formulation would enable entrepreneurs to take up health care schemes, drinking water and sanitation schemes, maintenance of roads, manufacture of entertainment electronics gadgets, and other such projects in rural areas. This was disclosed in Bangalore recently by N. Vaghul, chairman and managing director of the Industrial Credit and Investment Corporation of India (ICICI). The rural venture capital scheme, he said, was still in the conceptual stage and would be implemented only after being debated thoroughly. "I am looking forward to discuss with people like Sam Pitroda, in charge of technology missions, before giving shape to the scheme," Vaghul said.

Cess on petrol, diesel hiked

The government's recent decision to increase the cess on petrol and diesel from 3½ paise per litre to 5 per cent of the basic cost of the items will boost the central road fund to Rs.320 crores, according to the minister of state for surface transport, Rajesh Pilot. It is after 58 years that this cess has been revised upwards. The ministry of surface transport has for a long time urged that the cess keep pace with the increasing prices of petrol and diesel. Moreover, an increase in the fund had become imperative considering the growing financial requirement of the road sector. At 3½ paise a litre (on petrol sales only) the fund is currently collecting Rs.10 crores per annum. The new cess would be split 64:35½ per cent between the states and the centre and the remaining half per cent would be kept aside for administration of the fund.

Gujarat Chamber proposes huge industrial investments

With a view to restructuring and revitalising the economy of Gujarat in general and Ahmedabad in particular, the Gujarat Chamber of Commerce and Industry has, in a detailed memorandum to the prime minister, identified nine central industrial projects which can be set up in the state. It has estimated the investments on these projects at Rs.5,510 crores. The projects are estimated to create 173,000 jobs. They include an ordnance factory, an additional oil refinery, expansion at IPCL, a major chemical complex, electronics and electrical projects, a railway equipment factory, gas-based power stations, a ceramic complex at Mehsana, supply of piped gas to Ahmedabad, a complex for lignite and ship-breaking, and a ship-repairing yard at Hazira.

Centre stops CIL's payments to HEC

The union ministry for coal has directed Coal India Limited (CIL) not to release funds to the Heavy Engineering Corporation (HEC) until it submits an expenditure statement for the Dankuni Coal Complex (DCC). (HEC is the turnkey contractor for CIL's Dankuni complex.) A sum of Rs.3.5 crores had already been released to HEC against CIL's commitment to make an ad hoc release of Rs.5 crores in three instalments.

"Improved" chulhas require more fuel

A significant percentage of improved chulhas installed in various rural areas have fallen into disuse, according to the results of a survey conducted in three states by the Baroda-based Operations Research Group (ORG). According to the survey, the low level of acceptance of improved chulhas among rural households is due to various reasons: increased fuel consumption, difficulty in cooking certain dishes and increased cooking time.

The survey, conducted at the instance of the Department of Non-Conventional Energy Sources (DNES), found that in Karnataka around 75 per cent of the chulhas were in working condition while in Gujarat and Maharashtra, only 51 per cent and 39 per cent respectively were operational. Increase in fuel consumption is "the most important reason for the demolition of the new chulhas," the report states. Seventy seven per cent of rural households in Maharashtra, around 63 per cent in Gujarat and half of the families in Karnataka reported increased fuel consumption as the reason for disuse.

Higher import bill this year

The current upward trend in international commodity prices will push up India's import bill considerably, according to a UNI study. The latest available data on international commodity prices show that large price increases have occurred in metals, vegetable oils and rubber. Wheat prices have surged by 23 per cent in the wake of drought in the US. The price pressure is likely to persist because of a substantial depletion in international stocks of wheat and coarse grains, according to the International Wheat Council.

India has so far, contracted for imports of a little over one million tonnes of wheat and half a million tonnes of rice. The government is keeping its options open, and further imports may become necessary considering the shortfall in procurement so far and diminishing buffer stocks. Replenishment of stocks can begin only in October after the kharif harvest.

More NABARD refinance for eastern region

The refinance provided by the National Bank for Agriculture and Rural Development (NABARD) for investment purposes to various agencies aggregated Rs.1,482 crores during 1987-88 against Rs.1,334 crores in the previous year. These refinance disbursements are expected to result in the creation of capital assets worth Rs.2,000 crores.

In absolute terms commercial banks have availed of Rs.735 crores during the year followed by SLDBs with Rs.467 crores, RRBs with Rs.217 crores and SCBs with Rs.63 crores. There has been significant improvement in the bank's disbursement in the eastern and north-eastern states. The total refinance availed of by these states during 1987-88 came to more than Rs.249 crores — 16.3 per cent of the total disbursements of the bank.

Preventive detention for drug trafficking

Concerned with the growing trafficking in narcotics, the government has armed itself with wide-ranging powers, including preventive detention, to prevent illicit traffic in narcotic drugs and psychotropic substances. An ordinance promulgated by the President recently gives the government additional powers to deal with offenders. The activities for which a preventive detention can be made include cultivation of coca, opium poppy or any cannabis plant, or engaging in their production, sale, concealment, export or import. The detention under the ordinance will be for one or two years, depending on the area of operation of the traffickers.

Easier credit insurance for exporters

The government is planning t strengthen the export credit insurance system to bring it i line with other export-oriente policy initiatives. Two proposals to this effect, one for creating a 'national interest account' and the other for rationalising the premium rates of the Export Credit Guarantee Corporation of India (ECGC) are currently being looked into by the concerned ministry.

The national interest account proposes to cover the credit risk of exporters supplying goods and services to "high political risk" countries. Many of India's important trade partners have become politically volatile and are facing acute foreign exchange constraints. This has locked up huge export earnings in those countries. ECGC, the only agency providing risk cover to exporters in case the buyers fail to make payments, has become extremely cautious and now provides only "restricted cover" for supplies undertaken to those countries.

Plan for buffer stocks of oil and oilseeds

The technology mission on oilseeds is working on a policy package which includes the creation of buffer stocks of oils and oilseeds. This will be along the same lines as the wheat and rice stocks of the Food Corporation of India. The policy package has been designed to check the wide price fluctuations in oilseeds. In the initial stages, some imports will have to be made. The buffer stock will be used as a market intervention device.

Glut in fertilisers

The fertiliser stock in the country touched a record level of 3.46 million tonnes valued at Rs.825 crores at the end of 1987-88. The stocks have been growing since 1985 because of the successive droughts in various parts of the country. The indigenous stock of nitrogenous and phosphatic fertilisers on 1 April 1988 was higher by 384 per cent compared to stocks on 1 April 1984.

According to J.L. Thakkar, chairman of the Fertiliser Association of India (western region), the past year was unfavourable as many parts of the country suffered from drought. As a result, the consumption of nitrogen, phosphate and potash fertiliser during the rabi season was 9 million tonnes reflecting only a 2.9 per cent growth over the previous year.

Higher price for vanaspati urged

The Indian Vanaspati Producers Association (IVPA) has expressed concern over the delay in the revision of vanaspati prices. It has urged the government to announce a long-term policy for allocation of imported edible oils to the industry. According to an IVPA press release, the association's representations to the government to fix a "realistic and remunerative" price for vanaspati have generated no response for more than four months.

Mineral export development fund mooted

A study on the role of the Minerals and Metals Trading Corporation in the promotion of exports from Andhra Pradesh has suggested a long-term strategy for exports of minor minerals. Conducted by the Delhi-based Centre for Studies on Technology and Trade (CSTT), the study has recommended the setting up of a mineral export development fund with an initial capital of Rs.150 crores, somewhat on the lines of the oil development fund.

V. Vithal Babu, CSTT chairman, suggests that the fund could finance mineral projects of the MMTC and select state corporations. It would also provide subsidies to ore suppliers or to the MMTC to cover the difference between the procurement prices based on actual cost and export earnings.

Move to encourage ancillarisation

The government has reduced the present minimum limit of supplies by ancillary units to other undertakings from 50 to 30 per cent. This is expected to eliminate a major hindrance to the rapid development of ancillarisation.

According to an industry press note, the definition of ancillary undertakings has been revised in accordance with this decision. A committee headed by the previous director-general of technical development, P.R. Latey, had made the recommendation.

Reliance to make readymades

In response to the sluggish textile market, Reliance Industries Ltd is going in for forward integration into the field of readymade textiles. In keeping with Reliance's overall strategy, the venture will concentrate on manufacturing and marketing a wide range of hi-fashion, high-priced apparel for both men and women. The activity will be initially co-ordinated by the company's textile division in Ahmedabad.

NICMAR moves to Gujarat

NICMAR (National Institute for Construction Management and Research) the prestigious industry-sponsored body — set up by Continental Construction, Jaiprakash Associates Pvt Ltd and Gannon Dunkerly — is all set to move from its current home in Tardeo, Bombay to Gandhinagar, Gujarat. At a well-attended seminar on "Infrastructural development projects and construction management — challenges and opportunities" co-organised by NICMAR and the Institution of Engineers in Ahmedabad on 2 July, chief minister Amarsinh Chaudhary announced the grant of 20 acres of land near the capital.

The Rs.5-crore NICMAR complex will, apart from training Indian construction supervisors and managers, also cater to the needs of the construction industry in other countries of the third world, principally South East Asia and Africa. A large number of in-house programmes for Gujarat government officers are in the offing. Among the first to benefit will be officers of the Sardar Sarovar Narmada Vikas Nigam, whose chairman, Sanat Mehta, made a tie-up offer to Vaid and Harshvadan Shah, NICMAR director and chairman respectively, while delivering the valedictory address at the end of the seminar.

Searle manufactures butachlor technical

Searle (India) Limited has released the first batches of butachlor technical from their newly set up 1,500-tonne capacity plant at Ankleshwar in Gujarat.

The quality of the material manufactured by this plant is comparable with the best imported material. India imports practically its entire annual requirement of 2,000 tonnes. Searle's plant will now make this product available indigenously.

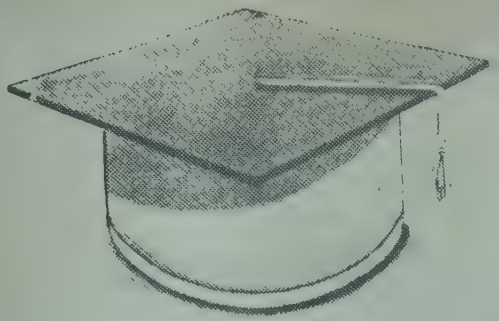
Mafatlal Consultancy to market DEST scanners

Mafatlal Consultancy Services (India) Limited (MCS) has signed up with DEST Corporation, USA for marketing Dest's full range of page/document scanners in India.

PC-SCAN is a multi-functional solution for customers utilising IBM PC/XT, PC/AT and compatible equipment and also the Macintosh range. It can scan both half-tone and line-art drawings and also texts. It recognises 32 levels of grey scales. These are important features for users who need to incorporate photographs into desk top publishing documents.

Essar Gujarat begins work on sponge iron plant

M.L. Fotedar, union minister for steel, laid the foundation stone of Essar Gujarat's 88,000 tpa Rs.305-crore sponge iron plant at Hazira, Gujarat. A joint ven-



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ture of GIIC and the Essar group, the project will annually use 1.4 million tonnes of iron ore pellets shipped from Kudremukh. The project, which is based on natural gas from the HBJ pipeline, is a technological breakthrough for India.

By substituting sponge iron for scrap in rolling mills, foreign exchange to the tune of Rs.200 crores will be saved annually. The project, which is also expected to reduce the bottlenecks in transporting steel to the western region, will go on stream by the end of 1989, almost four years ahead of schedule. The project is not only the largest one promoted by GIIC so far, but is also notable in that it was over-subscribed thrice in its public issue earlier this year in an otherwise sluggish market situation.

Bombay Mercantile's special bonus

Bombay Mercantile Co-operative bank has decided to pay a special bonus of 20 per cent to its employees on the occasion of the Bank's golden jubilee in addition to the usual annual bonus of 20 per cent. This is probably for the first time in the history of the banking industry, that bank employees are being paid a special bonus on the occasion of a golden jubilee.

According to Mr. N.A. Mulla, president, Bombay Mercantile Cooperative Bank Employees' Union, the bank's management had placed a precondition for payment of an extra bonus if the employees achieved the deposit targets set by the management.

The employees accepted the challenge and helped the bank surpass a deposit target within a short period of 12 days, with deposits exceeding Rs.330 crores against a level of Rs.264 crores as on June 30, 1987.

Computer games for managers

The International Association of Students in Economics and Management (AIESEC), Bombay chapter, is organising two computer-based "management games".

A computer-based Stock Exchange Game will be held in Bombay on 23 July. Participating teams (each consisting of one executive and two students) will represent groups of investors. An environment similar to a real stockmarket will be created, say the organisers, so that participants will get an insight into how the market functions. The game has been sponsored by Birla Bombay Pvt Ltd.

On 6 August, a computer-based Foreign Exchange Game will be held in Bombay. Each of the participating teams in this game will represent a commercial bank operating on the New York foreign exchange market. The game has been sponsored by Services (India) Ltd, Mafatlal Consultancy.

For further details contact: AIESEC, Local Committee Bombay, Post Bag 6161, Bombay 400006.

GNFC's TV glass shell collaboration approved

Gujarat Narmada Valley Fertilizers Company Limited (GNFC) has received approval from the Indian government for its proposed collaboration with Owens Illinois Inc., USA, to make TV glass shells. The overall project cost is estimated at Rs.200 crores. The proposed plant will manufacture annually 17 lakh 20-inch colour TV glass shells. The project will also produce 500,000 14-inch black-and-white bulbs.

The proposed project is a delicensed industry and GNFC has already obtained registration from the Secretariat of Industrial Approvals (SIA). According to the arrangement, GNFC will obtain technical know-how from Owens Illinois and the foreign exchange component in the project cost will be limited to Rs.70 crores. The unique feature of the project will be its import substitution aspect; at full capacity production it will save US $30 million in foreign exchange out of a total annual turnover estimated at Rs.90 crores.

To implement the project which will be located in a predominantly tribal area GNFC will form a separate company promoted jointly with the foreign collaborator.

Crompton Greaves commissions signalling relays plant

Crompton Greaves' new plant at Indore for the manufacture of signalling relays was commissioned on June 25, 1988. This is the fourth manufacturing unit commissioned in the last nine months by India's largest electrical company in the private sector.

The new plant at Indore, will manufacture a range of relays exclusively for Indian Railways. These 'Q' series relays which incorporate the latest technology from Westinghouse Brakes & Signals, UK, have modified by Crompton Greaves to suit Indian conditions and Indian Railways' specifications.

'Q' series relays are safety relays, so each type undergoes the most stringent climatic and endurance tests set up by the Railway Design & Standards Organisation (RDSO), Lucknow. Considering the safety needs, Crompton Greaves conducts qualitative tests before selecting the material for each and every component. The components have been indigenously developed and the special test panels have been specially designed by Crompton Greaves and procured locally thereby saving enormously on foreign exchange.

For Crompton Greaves, the Indore plant, coming soon after the commissioning of the ceiling fan plant in Goa, the vacuum interrupter bottles plant at Aurangabad and the electronic push-button telephones plant in Pithampur, is part of a major diversification into high technology areas.

Killick Nixon to market used CT Scanners

Killick Nixon Limited has tied up with the Chicago-based Linc Equipment Services Incorporated, a premier refurbisher and re-marketer of medical and other technically sophisticated equipment.

Linc has already established a dependable, high quality secondary market for CT scanners including the industry's standard, General Electric Model 8800. New scanners are often priced so high that they cannot be operated at a profit by small hospitals. They cost between US $750,000 to 1 million. The refurbished market offers equipment at substantially lower prices.

Many large institutions and teaching hospitals in the US replace their new top-of-the line scanners as early as three years after acquisition. Thus, relatively new imaging equipment is available at prices hundreds of thousand dollars less than the cost of new equipment. Linc locates, evaluates, approaches, de-installs and reconditions such equipment.

The Indian market offers an enormous opportunity for such refurbished equipment. CT scanners are gradually catching on. With equipment now being made available at affordable prices, Killick Nixon Limited are confident of developing this market in a very big way.

EVENTS

The International Bicycle and Motor Cycle Exhibition (IFMA) will be held in Cologne, West Germany, between 21 and 26 September 1988. Over 1,300 firms from 35 countries are expected to participate in the fair. According to a IFMA bulletin, the fair will attract 200,000 visitors from 70 countries. Exhibits at IFMA will include bicycles, motorised bicycles, mopeds, motorcycles, scooters and accessories. Sixteen exhibitors from India are expected to participate. For further details contact IFMA, Cologne, Messeplatzl, Post Fach 210760, D-5000 Cologne 21, Federal Republic of Germany.

The International Printing, Packaging, Paper Converting Graphic Arts, Machinery and Allied Trades Fair, IPEX 88, will be held in Birmingham, England between 6 and 14 September 1988. The fair is being organised by Industrial and Trade Fairs Ltd, Radcliffe House, Blenheim Court, Solihull, West Midlands, B 912BG, England.

DIARY

DATES	SUBJECT	ORGANISER	VENUE
11-16 July	**Supervisory Development**	Madras Management Association & Indian Society for Training & Development, Madras (Tel: 475800, 478311)	Hotel Chola Sheraton, Madras
14 July	**Seminar on 'Currency Risk Management'**	Forex Club India, Bombay (Tel: 2024953/2027492)	Taj Mahal Hotel, Bombay
14 July	**The Collection Problem: How to Prevent and Collect Overdue Accounts**	Creative Communication & Management Centre, Bombay (Tel: 273006)	Taj Mahal Hotel, Bombay
15-16 July	**Computer Aided Project Management**	Narsee Monjee Institute of Management Studies, Bombay (Tel: 6143177)	Management Development Centre, Bombay
15-16 July	**Import Policy and Customs Regulations**	Ahmedabad Management Association, Ahmedabad (Tel: 352588)	Hotel Riviera, Ahmedabad
17 July	**Exports: What, Where, & How**	Ahmedabad Management Association, Ahmedabad (Tel: 352588)	Hotel Riviera, Ahmedabad
18-23 July	**Use of Computers in Government & Public Enterprises**	Administrative Staff College of India, Hyderabad (Tel: 36952, 36956)	Belle Vista, Hyderabad
20-21 July	**Computer Applications in Financial Management**	Bombay Management Association, Bombay (Tel: 245039)	BMA Computer Centre, Bombay
22 July	**Managing in a Competitive Environment**	Bombay Management Association, Bombay (Tel: 245039)	Taj Mahal Hotel, Bombay
23 July	**Customs Clearance**	Institute of Tax Management Association, Bombay (Tel: 2870126, 2870548)	Hotel Oberoi Towers, Bombay

BUSINESSMEN IN THE NEWS

J.N. TALWAR

Non-asbestos material for gasket jointings is soon to be added to the conventional range available in the country through a recently finalised agreement between the Ghaziabad-based Reinz-Talbros Private Limited and Reinz-Dichtungs GMbH.

The new collaboration marks a major technological step forward, says J.N. Talwar, managing director of Reinz-Talbros. The non-asbestos material is far more chemical and corrosion-resistant than the compressed asbestos fibre used so far in India, according to Talwar. Reinz-Talbros also manufactures cellulose based jointings.

Reinz-Talbros' German partner is a world leader in the gasket industry with operations in west Germany, Japan, the US, France and Spain. Under a second agreement with Reinz-Dichtungs, Reinz-Talbros will begin manufacturing industrial gaskets. The agreement is for a Rs.3-crore project. Initial capacity at the plant, to be located in Ghaziabad, is one million gaskets per year. Targeted users are the petrochemical, chemical, power, fertiliser and steel industries, and Talwar says the domestic market is lying wide open.

ANAND ARYA

Consider the following scenario: a company with a moderate-sized expansion plan finds that sanctions for term loans are taking too long; the company is eligible for a 200 per cent premium on its Rs.10 (par value) equity share; its share price vaults to new peaks in a secondary market which has crossed the 1985-86 top price. Question: what does the management do? Answer: take the equity route.

Anand Arya, chairman of Blue Blends & Texturising Manufacturing Co, and his board are going ahead with a 1:1 rights issue to finance the company's Rs.15 crore-expansion project. "We are putting up a 125 tonnes per month texturising and twisting unit in Daman and a 80 to 100 tonnes per month dyeing unit in Panoli, Surat, which, inclusive of working capital, will cost Rs.15 crores," says Arya.

The rights issue is very cost-effective, since "the dividend on the fresh capital will be 8 per cent as against 28 per cent on the old capital and 14 per cent on term loan". The rights issue opens on 20 July. Arya, who has steered the company from a sales turnover of Rs.3.76 crores in 1982-83 (net profit Rs.15.07 lakhs) to a Rs.44.38 crores in 1986-87 (net profit Rs.1.72 crores), believes that the 1988-89 budget provisions were to the company's advantage since the excise relief on synthetic yarn has helped improve consumption. "Consequently demand has gone up by 35 to 40 per cent," he says.

NARENDRA H. KALE

Narendra H Kale started his software company Kale Consultants in 1980 with a staff of two and an investment of Rs.5,000. Today his company is one of the ten largest in the country. In 1982, Kale Consultants for the first time developed an online, comprehensive hotel management system in the country, later they also pioneered a complete hospital management system. The company is now actively involved in developing software for education, pharmaceutical industry, retail trade etc.

Last fortnight Kale announced that he is teaming up with Nixdorf Computer AG, a leading European computer company, to start a joint-venture. This will be the first Indo-German tie-up in the computer software field. The primary objective of this tie-up is the development and production of computer software both for the domestic and export markets. It aims at providing for a two-way transfer capitalising on the unique applications' experience of Nixdorf with the long-term objective of exporting UNIX and 'C' systems expertise back to Germany, Nixdorf's home country, and other developed markets.

ARUN JARIWALA

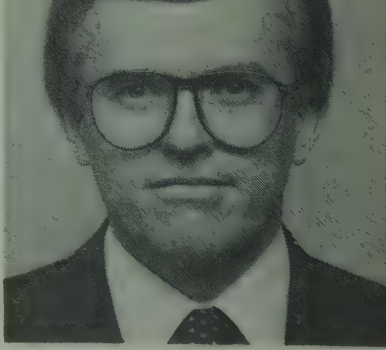
The prolonged price war between weavers and spinners in the synthetic textiles industry continues unabated. Last fortnight, at a press conference held in Bombay, Arun Jariwala, chairman of The Surat Art Silk Cloth Manufacturers' Association said, "Even though a lot of excise concessions were given to nylon and polyester filament yarn spinners in the last budget, these have not been passed on to the weavers and the final consumers." He emphasised that these concessions were given by government on the firm understanding that the entire benefit would be passed on. This in turn would lower the final fabric prices, stimulate demand and production and help boost government revenue despite lower duty rates.

"But the present prices of nylon and polyester yarn, particularly of finer deniers, is more or less at the levels prevailing last December," says Jariwala. "So the excise reduction has not made any difference." The weavers say that the government would be wiser to reduce duties on the final fabric rather than keep lowering them at the spinning stage. This is because there are too many stages in the conversion of yarn to cloth and it is difficult to monitor precisely the stage at which benefits are or are not passed on. "Moreover, there are only a handful of spinners which makes cartelisation easy," says Jariwala. "But there are hundreds and thousands of weavers all over the country, competing fiercely against one another which compels them to pass on the entire duty benefit."

Out of the 2,500 million metres of manmade filament fabrics currently produced in the country, over 60 per cent is manufactured by powerlooms in Surat. Over 80 per cent of nylon yarn and over 25 per cent of polyester and viscose yarn produced in the country is consumed in Surat alone. This makes it the single most important weaving centre of the country.

JOHN R. WILSON

Nordson Corporation of US (sales: $ 200 million), one of the world leaders in the manufacture of industrial application equipment, is expanding its business activities in India. Nordson has appointed Wimco

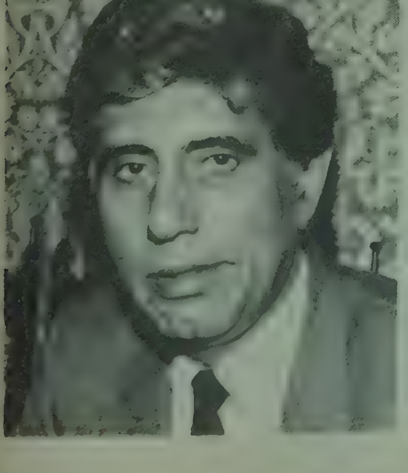


Limited, manufacturer of safety matches and packaging machinery, as its Indian agent for marketing hot melt and cold glue applicator systems in India. John R. Wilson, managing director of Nordson Australia Pty Ltd, a 100 per cent subsidiary of Nordson US is responsible for the company's business in India. Wilson, who was recently in Bombay said, "There is very good potential in India for our line of products. In three years we hope to sell equipment and systems worth $ 6 to 8 million every year in India."

The hot melt equipment of Nordson is designed to melt, pump, transfer and apply variety of thermoplastic adhesives and sealants used in the manufacture and sealing of packages and in numerous industrial production and processing applications. "Our systems provide ease of application, increase productivity, save on labour, material and energy and thus improve profitability," Wilson claims.

SHYAM BHATIA

Shyam Bhatia (not to be confused with his namesake, the former managing director of Orson Electronics) who left India 23 years ago to set up a trading business in Abu Dhabi and Dubai in building materials with his brother, has decided to backward integrate. A native of Ajmer, Rajasthan, he was in India recently to elicit public participation in the equity of a new sanitaryware project in Alwar. The backward district is rich in china clay, ball clay, and other raw materials available within a radius of 250 km, for sanitaryware.



"The existing Indian sanitaryware plants have outdated technology, and this is because the companies operate in a seller's market and have found no need to update technology," says Bhatia, who along with his brother has been coming to India to monitor the progress of the project. "Falcon Gulf has a highly automated plant with only 350 people (against 1,200 employed in other plants of similar size), and its other major strength is its kilns which are three times more fuel efficient than those of the other Indian plants," says Bhatia. According to him the company will be introducing water saving cisterns equipped with a pre-set knob "which will save up to 20-30 litres of water per family per day."

To finance the Rs.10.4-crore project, which will bring out its products in August, the company is making a public issue of Rs.1.42 crores on 18 July.

WILLIAM KELLY

"GATT (General Agreement on Tariffs and Trade) has been the focus of US trade policy and if developing countries want their interests represented, they should put forth constructive proposals," says William Kelly, former deputy general of GATT in Geneva. He hopes that the current multilateral trade negotiations in Uruguay are successful so that the importance of developing countries in global trade is realised.

According to Kelly, the US budgetary deficit has resulted in protectionist policies. In 1986, for example, the US Congress proposed the protectionist Jenkins Trade bill. Kelly warns that unless the US reduces its trade deficit it may well experience a depression in 1990.

Kelly, who was in Bombay recently, addressed a meeting on "US Trade Policy", organised by the Indo-American Chamber of Commerce.

KLAUS JUERGEN-SCHOLZ

The Frankfurt Trade Fair Corporation (or Messe Frankfurt as it is known) is one of the largest in West Germany. Owned by the city government of Frankfurt and the state of Hessen, the corporation organises 35 fairs every year, many of which are regarded as the best of their kind in the world. Says Klaus Juergen-Scholz, regional director, Asia, of Messe Frankfurt, "Asian participation in our trade fairs has been increasing rapidly and India is no exception." Scholz was in India recently to promote "Automechanica 1988" which will be held in Frankfurt from 13 to 18 September this year.

Automechanica has been billed as the world's largest fair for automobile spare parts and accessories. Organised every alternate year the fair attracted 1,950 exhibitors in 1986. This year, says Scholz, Automechanica will draw 2,200 exhibitors from 37 countries. "The fair's slogan is service keeps your vehicle moving. We have divided Automechanica into two parts, one group of exhibitors displaying investment goods and the other exhibiting components and accessories. The fair will be spread over 200,000 square metres of exhibition space." Scholz adds that the fair is an excellent forum for manufacturers and suppliers and that the Indian automobile industry would do well to exploit the potential. In 1988, 14 Indian exhibitors are expected to participate in Automechanica compared to 16 from Japan.

ANDRE DIRCKX

Generale Bank is Belgium's largest bank. It has 1,200 branches in that country alone and 363 others spread across 34 countries. Until recently the bank's principal areas of activity was Western Europe and the US. However with the economic upsurge in the Far East and opening up of China and India the Generale Bank has been actively looking at Asia as a major business segment. In October 1987 the bank opened a representative office in Bombay and according to Andre Dirckx, managing director who was in the country last fortnight the "experience" so far has been encouraging. "Our principal objective is to intensify trade relations between India and Belgium. Only then would we consider opening a full-fledged branch". Getting permission from RBI to open a branch should not pose a problem for Generale Bank as several Indian banks are already operating in Belgium.

The more challenging task is to boost Indo-Belgian trade $1.5 billion in 1987 with Belgian exports accounting for $1.1 billion. However there is a catch here as 85 per cent of trade between two countries is in a single commodity, diamonds. According to Dirckx there is tremendous scope for increasing trade ties in other areas. "There is growing awareness among Belgian as well as Indian businessman on the business potential in both the countries". An Indian delegation of businessman visited the country in early July and seminars were organised on "doing business with Belgium". As Belgium's largest financial institution Generale Bank hopes to capitalise on these developments and as Dirchx says "After 1992 Western Europe will emerge as the world's largest market-place. And as a truly international bank we are geared to offer a comprehensive range of services".

DARJEELING TEA

No longer so bright and green

The continuing GNLF agitation in the hill regions of north Bengal has taken its toll of the country's prized Darjeeling tea estates. The industry, which is making a spirited revival bid following a long period of stagnation has been losing between Rs.3 crores and Rs.4 crores annually on an average during the last couple of years.

Despite the arson, violence and the sporadic bandhs, work in the 72 tea estates in the region, spread over nearly 20,000 hectares of land has been continuing, albeit with a skeletal management and workforce. But the 40-day bandh, declared by GNLF activists in mid-February, disrupted work even further, resulting in crop losses of about 4-5 lakh kg valued at around Rs.4 crores and a 600,000 manday loss.

In despair. Tea garden owners in Darjeeling — especially in the Tukvar and Tukdah valleys, which are the worst affected — are in despair over a situation to which they see no end. Quality has suffered since plucking standards are being ignored, and productivity is also likely to be hit. The average annual production is 10 million kg but this year there will be an estimated 15 per cent fall.

However, that is not all. Future harvests too are likely to be affected since ongoing planting projects have been hampered; the financial implications of the ensuing crop loss are staggering especially since this tea is of exportable quality.

More than one tea company (of the 40-odd tea units operating in the region) has suffered losses. At least one of them, Darjeeling Plantation Industries, which has four tea gardens in Darjeeling district has shown disappointing results, because of the continuing disturbances.

"Greatly disturbed." The Darjeeling Planters Association (DPA) chairman, Bharat Bajoria, says that the association has been greatly disturbed at the turn of events in the area, which shows no signs of improving. He asserts that "the industry has always kept its nose clean and distanced itself from politics by operating on a strictly commercial basis. Darjeeling tea is a national asset, and it is difficult to understand how any political movement can be helped by the destruction of this asset. We sincerely hope that the powers that be realise this and let the industry survive. After all the development of this industry is in the best interests of the locality."

Bajoria also feels that, apart from immediate losses, the long term damage to the Darjeeling tea industry will be far greater, especially since the disruption is taking place at a time when it is making serious efforts to rejuvenate itself under NABARD-sponsored schemes.

The agitation could also seriously jeopardise the future of Darjeeling tea in foreign markets, if the industry does not export sufficient quantities of premium Darjeeling tea. "It is unfortunate," says an industry representative, "that the trouble in the hills should coincide with the launching of the Darjeeling logo — a campaign promoted by the Tea Board of India to restore rightful market superiority to Darjeeling tea, thereby boosting sales as well. Darjeeling tea exporters, however, claim that so far there has been no perceptible shortfall as far as exportable teas are concerned. What the position will be in future, however, is another matter.

Sadly neglected. Popularly referred to as the champagne of teas, Darjeeling tea is renowned the world over for its special aroma. But it was sadly neglected for the better part of the decade, when blended tea varieties with a negligible proportion of Darjeeling tea were being passed off as Darjeeling tea. Consequently both the

Picking tea leaves in the shadow of GNLF violence

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image and the quality of Darjeeling tea suffered. It was only recently — a couple of years back, to be precise — that the Darjeeling tea industry roused itself from its languor and decided to launch an intensive drive to protect its image in international tea markets and speed up its own development and growth. The Darjeeling tea industry accounts for only 2 per cent of the national turnover and has been stagnating at a production level of 10-12 million kg.

Strategies were drawn up by the DPA in conjunction with the Tea Board of India with target objectives taken up to 2000 A.D. Both field work and research and development to be carried out with the objective of improving crop returns. A number of steps have been suggested as part of a 10-year scheme being implemented since 1984. These include the bringing of additional land under cultivation for which sanction from the forest ministry is awaited, the replanting of old bushes (planted more than a hundred years ago), which have passed their prime, introducing new techniques for intensive cultivation and machines for modernising the factories. The total investment is about Rs.4 crores to be provided by NABARD. The industry itself will shell out Rs.1.5 crores. Since the profit margin for Darjeeling tea is only 15 per cent, DPA members feel that the Rs.1.5 crores outlay is rather high but necessary in the long-term interest.

Despite NABARD's active support, tea experts still feel that funds will be inadequate. The shortfall is estimated at around 50 per cent; on an expenditure of approximately Rs.1.05 lakh per hectare, the finance available from the government is Rs.70,000.

With government support, the Darjeeling tea industry may well be able to rejuvenate itself. But for that, stability in the region is essential. "Without stability," says Bajoria, "all our efforts would be lost."

MADHUMITA BOSE

■

TYRES AND TYRECORD

Persistent conflicts

There are always exceptions to the rule. Take for instance the dictum: You scratch my back and I'll scratch yours, which does not seem to apply to the nylon tyrecord and tyre industries. Even though one cannot survive without the other, each has been at the other's throat, for one reason or the other, for the past one-and-a-half years.

Repeated price rises. The latest bone of contention is the increase of Rs.8.50 per kg in the price of nylon tyrecord proposed by the tyrecord producers last month. Since January 1987, prices of nylon tyrecord have been raised on five different occasions. This includes the latest hike. Result: tyrecord yarn prices have gone up by Rs.32 per kg and it now costs Rs.110 a kg.

The nylon tyrecord producers say they have valid reasons for these frequent increases. According to a senior executive of a tyrecord company, who prefers to remain anonymous, "There is an informal agreement between the tyre companies and us to hike the price every year in the month of May to reflect the increase in manufacturing costs other than that of caprolactum." He further adds that since caprolactum, the basic raw material for nylon tyrecord, is imported up to 80 per cent of the requirement, it has also been agreed that the prices of nylon tyrecord will change according to the changes in the landed cost of this raw material.

Says Ravi Sinha, vice president (projects and development), Shri Ram Fibres Ltd, "The Rs.12.50 a kg increase in June 1987 was partially due to the increase in other manufacturing costs. In September 1987, the hike was on account of a further rise in caprolactum prices to $1,890 a tonne. The increase proposed in May 1988 is the once-a-year hike that we have every year."

Unconvinced. But this argument does not wash with the tyre industry. "There is no such agreement with the tyrecord manufacturers on the issue of price increases. Anyway, we believe that the price hikes have been way over the actual increase in the manufacturing costs and in the international price of caprolactum," says D. Ravindran, secretary, Automotive Tyre Manufacturers Association (ATMA). But a purchase manager in a leading tyre company in Delhi agreed that an informal agreement does exist for "we prefer a single hike to what happened in 1987".

However, tyre companies are opposed to at least two hikes in nylon tyrecord prices — those that took place in January and May 1987. According to tyrecord producers, prices were raised on these occasions because certain discounts given in mid-1986 of Rs.5 a kg were withdrawn. "Do you think it is fair to convert discounts offered into price increases?" questions Ravindran. "No tyrecord company gave discounts of Rs.5 a kg. The maximum offered to us was Rs.2 per kg," adds S.R. Srinivasan, general manager (GMMC); Goodyear India Ltd. Sinha explains that the actual discount was Rs.2.50 per kg and there was also an increase in the credit terms to the tyre companies from 15 days to 60 days. "So, the net effect was about Rs.5," he adds.

Another grouse of the tyre industry has been that the tyrecord producers are prompt in increasing their prices but when it comes to legitimate reduction, it is a different story. "According to our calculations, the effect of the reduction in import duty on caprolactum (from 115.5 per cent to 95.5 per cent) should have been Rs.5.65 per kg. The actual benefit passed on to us was a mere Rs.2.70 a kg," says Ravindran. Sinha has a different viewpoint. "What has not been included in the ATMA's calculations is the 5 per cent increase in duty imposed by the government due to drought. Also the price reduction is calculated assuming a 90:10 mix of imported and indigenous caprolactum. First, the actual product mix is on an average 80:20. Secondly, this ratio has been arrived at by ATMA for the purpose of calculating only the reduction due to the decrease in duty. If this ratio is kept for the purpose of calculating the total import duty, the reduction arrived at is much less," he says.

Tyrecord shortage. Apart from the issue of price increases, ATMA is also of the view that the curent year will witness a shortage of tyrecord in the country. Ravindran explains that the production of truck tyres has been stepped up to 400,000 tyres per month in 1988 from an average of 3,20,000 in 1987. "On this basis and keeping in view the existing capacities of the tyrecord units, we feel that the shortage will be to the tune of 6,000 tonnes," says Ravindran. He adds that the association has asked the government to allow imports of tyrecord at a reduced level of import duty.

"The apparent shortage of nylon tyrecord is due to the higher production of tyres. But the fact is that nearly 50 per cent of the increase in production is being exported," says Sinha. "So the shortage will be felt only till July, after which the tyre companies will get the imported tyrecord allowed on the basis of tyre exports." Moreover, he says, Garware's tyrecord plant will stabilise by July or August. Nirlon's plant too will be com-

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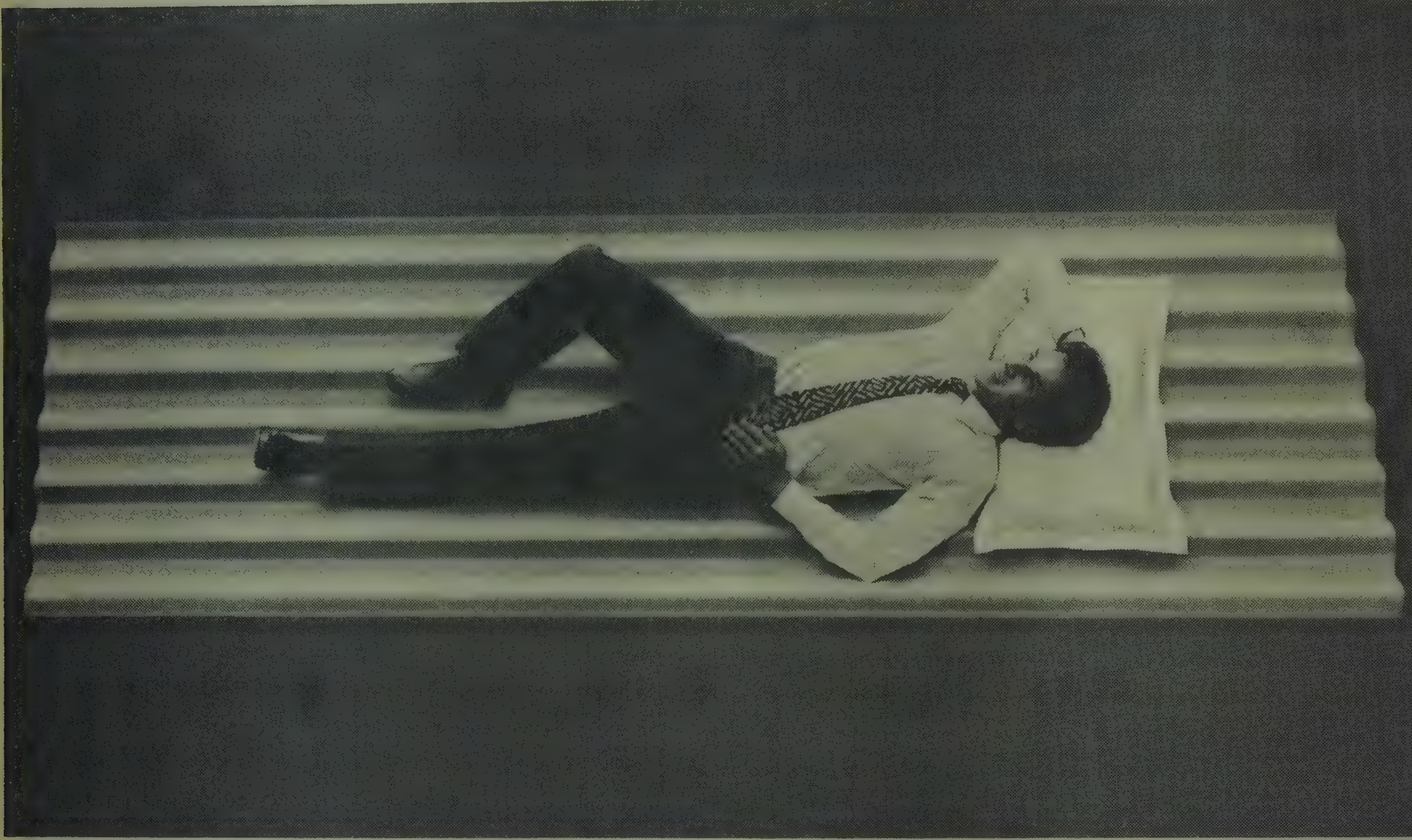

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missioned in a couple of months and so there should be no shortage after August.

The fact is that an unfortunate situation has developed between two industries which have to work in unison to survive. The fault possibly lies with the tyre companies who did twist the tyrecord producers' arms in 1985 and 1986 to get the price they wanted. Now, with the tyrecord companies also hitting back things are different.

Another factor that is probably playing on the minds of the tyrecord producers is that with new capacities coming on stream, there may be no shortage of tyrecord in about a year's time. So, efforts are on to "make hay while the sun shines," to quote a spokesman of tyre company. But these cycles of advantages will repeat themselves and when the tyre industry gets its chance, it is not likely to hesitate in demanding discounts.

■ ALAM SRINIVAS

DIAMOND EXPORTS

Sparkling performance

Cut and polished diamonds have emerged as a major non-traditional export item. The current year has begun well with exports during the first two months (April and May) valued at Rs.489.60 crores against Rs.324.65 crores in the same period last year. But whether this growth is maintained will have to be seen, because the Diamond Trading Corporation (DTC) has increased the price of roughs by about 13.5 per cent.

Industry observers attribute this increase in the price of roughs to the steady depreciation in the value of the dollar vis-a-vis other major currencies. Also, the DTC felt that due to the increasing demand for polished diamonds from the Far East and Japan, the premium on sight boxes was as high as 10 per cent. This premium will now be eliminated by the price hike. Therefore, the increase in the price of roughs is only an adjustment and has really nothing to do with the diamond supply equation so dexterously balanced by the DTC.

Even though exports increased by 25 per cent in 1987-88 over the previous year, the value added declined to Rs.471.52 crores against Rs.519.78 crores in 1986-87. This year, exports are expected to increase by at least 25 per cent.

To a large extent, the future of the industry depends on its ability to modernise, thereby increasing the productivity of the artisan. Nearly 70 per cent of the world's roughs are cut and polished in India. But higher value items are cut and polished abroad because of the dearth of sophisticated equipment in India.

Diamond park. The setting up of the diamond industrial park in Sachin near Surat is the first major attempt to modernise the cutting and polishing industry. The park, spread over an area of 270 acres is being set up by the Diamond and Gem Development Corporation (DGDC). Around 1,000 factory units designed on scientific lines will be set up in the park. So far about 95 allotments have been made, and an estimated 400 units are to be handed over by March 1989. The park will have an international trading centre, customs offices, banks, a hospital and a diamond bourse. There will also be a continuous supply of roughs from the Hindustan Diamond Company Ltd.

In recent months the government has announced measures to boost exports. These include the exemption from section 115 J of tax on profits, allowing the transfer of replenishment licences, and abolishing the tax on export profits. Therefore, despite the increase in the price of roughs, indications are that the net value addition in diamond exports this year will be higher.

■ ASPI CONTRACTOR

NATURAL GAS

Experts review options

On 2 July, Vasant Sathe, union energy minister, inaugurated a seminar on "Natural gas — its impact on the economic development of Gujarat" organised in Ahmedabad by the Gujarat Foundation for Development Alternatives. Bemoaning the country's failure to either generate massive employment or meet the basic needs of people 40 years after independence despite a tremendous quantitative growth in all sectors, Sathe lashed out at bureaucrats.

He accused them of equivocating and adopting delaying tactics, thereby defeating Jawaharlal Nehru's magnificent vision of planned growth. Bureaucrats had, he charged, reduced the Planning Com-
mission, Nehru's brainchild, to a steri
forum bogged down in an ocean of math
matical calculations instead of formula
ing and monitoring plans and expeditin
their implementation.

Sathe's tirade did not go unanswere
Hiten Bhaya, Planning Commission mem
ber, hit back in his keynote address poin
ing out that politicians had, due to the
own compulsions, often failed to endors
the recommendations of the commissio
Serious suggestions. Polemics over, th
100-odd experts from all over the countr
got down to serious business in tw
technical sessions and one panel discus
sion. Dr. Goyal of the ONGC suggeste
that, since proven gas reserves wer
growing not just in India but all over th
world, it should be made freely availabl
on demand. Ajit Kapadia of the Hin
dustan Oil Exploration Company, analy
sing the availability of gas and drivin
home the gap in supply when compared t
the total demand stressed that bulk im
ports from the Middle East were a sensi
ble policy option. Gas, he suggested
could be distributed to bulk and retai
users along the Vapi-Ahmedabad-Rajko
corridor by an extensive pipe network. H
also urged that work on undergroun
coal gasification be speeded up.

Lovraj Kumar, former secretary, OIL
pointed out that once the investment i
handling and distribution facilities wa
made the import option would becom
an import commitment over 15 to 2
years. A thorough analysis, therefore
needed to be done before entering into it
Dr. Ramesh of the Tata Energy Researc
Institute argued that central gas turbine
cost the country less than multiple cap
tive diesel generating sets. Jay Naraya
Vyas of Indext B pointed out that Gu
jarat's energy costs were 50 per cen
higher than the country's average an
said that they could be brought down t
competitive levels only by gas-base
power generation. Babubhai Jashbhai Pa
tel, former CM, traced the history o
Gujarat's tussle with the centre over o
and gas and bemoaned the ineffective
ness of Gujarat's parliamentarians i
countering the centre's discrimination.

The seminar ended in a panel discus
sion chaired by Sanat Mehta, ex-financ
minister of Gujarat and founder of GFDA
The conclusions were that two more pe
trochemical complexes, along with mor
gas-based power stations should be se
up in Gujarat, especially Saurashtra.
six-member working group under th
chairmanship of Lovraj Kumar was se

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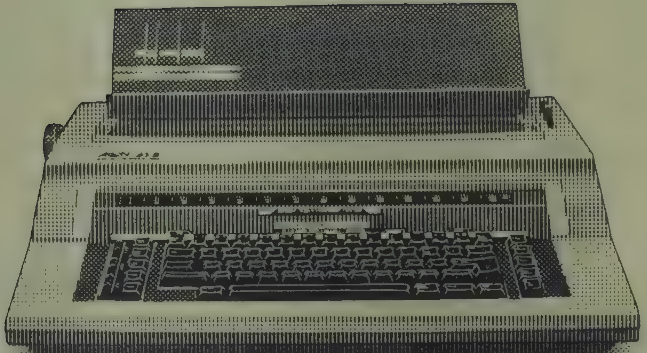

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up to analyse in depth the policy implications of the issues raised in the seminar and to formulate a policy package that would reconcile Gujarat's demand for gas with the overall national interest. The group has representatives from GEB, Ahmedabad Electricity Co, Indext B, Hindustan Oil Exploration Corporation and the Ankleshwar Industries Association.

■ RAHUL BHIMJIANI

RUBBER

Fighting over costs

In the Indian rubber industry, growers and users have never been the best of friends. Right now they are rolling up their sleeves as their fight enters round two. The first blow came from the All India Rubber Industries Association (AIRIA). Through prominent newspaper ads, press releases and conferences, it attacked planters for the allegedly high price they got for rubber. AIRIA's president MK Kapoor claimed that the rubber goods industry was getting a bad deal. Soon enough, the financial press was echoing these charges.

Many observers were nearly taken in by AIRI's assault. This was chiefly because AIRIA brandished a study by BC Sekhar to substantiate its charge that Indian rubber prices were phenomenally high. And Sekhar, as anyone in the rubber world will declare, is no run-of-the-mill academic. An internationally renowned rubber technologist, he was formerly director of the Rubber Research Institute of Malaysia and also the Malaysian Rubber Controller, before his current assignment in the reputed International Rubber Study Group, London.

Misrepresentation. But if AIRIA hoped to send rubber planters scampering for cover with its fusillade of statistics, it was in for a rude shock. Not only did the irate growers refute the charges, but the very personage whose voice AIRIA had borrowed — Sekhar — has now accused AIRIA of misrepresenting his report, asserting instead that the Indian rubber producing industry is cost-efficient. Simultaneously, rapid development in the international rubber market put paid to AIRIA's claim that Indian rubber prices were astronomically high.

AIRIA's main accusations were: Indian natural rubber prices are the highest in the world and higher than those of most domestic wholesale commodities; the cost of production of natural rubber in India is actually less than Rs.10 per kg and therefore even the present price of Rs.17.50 is unrealistically high. AIRIA also expressed anguish at the call by some growers for an even higher price of Rs.22.

To substantiate its accusations AIRIA quoted the report of a study it had earlier commissioned Sekhar to do. This report, titled "Natural Rubber Supply in India — Scenario upto 2000 AD", established — or so AIRIA claimed — that the cost of production of natural rubber in India is between Rs.9 and Rs.10 per kg.

A careful reading of Sekhar's report however, reveals no such conclusion. As the title itself indicates, Sekhar's study was an attempt at forecasting, using three projections of demand and supply of rubber until the end of the century. Taking into consideration the Rubber Board's efforts to encourage rubber production in non-traditional areas like the north-east, Sekhar concludes that if this momentum is sustained, India can produce close to 500,000 tonnes of rubber by 2000 AD. He also holds out tremendous hope for the Indian rubber manufacturing sector which can expect to greatly increase its export of rubber products.

Distinguishing costs. Where does cost of production figure in all this? In an incidental assessment of the comparative cost efficiency of the Indian plantation industry, Sekhar talked of *direct* cost which would be around Rs. 10 per kg for rubber . This is what AIRIA latched on to, caring little that economists distinguish between direct costs, indirect costs and total costs. In fact, Sekhar had himself cautioned that indirect costs vary significantly from country to country and are not easily assessable because of regional differences in taxes, land costs, lease rents, opportunity costs for capital, land and product mix, etc.

In the thick of this controversy, the Rubber Board chairman P.C. Cyriac sought a clarification from Sekhar. His reply from London (letter No. BCS/RS/20 dated 16 May 1988) disputed AIRIA's claims. Sekhar wrote that he was "genuinely dismayed and surprised" by the way his report has been misrepresented and misused. He stressed that his study was not directed towards cost of production. At any rate, indirect costs vary. Sekhar questioned AIRIA's mix-up of direct cost, total cost and price.

Sekhar's letter also stated that present buffer stock price levels in India seem reasonable. "I've not either questioned price levels or considered them unreasonable," he wrote. He said he had "no regrets" about having written the report, but "what saddens me is the distortions and the liberties taken to use phrases and comments out of their context." Sekhar has also written to Kapoor, expressing his reservations about AIRIA's claims.

Sekhar's specific retort is this: "The important conclusion relating to direct cost that was made is that the Indian rubber producing industry is cost efficient relative to other producing areas and certainly in relation to the Indian synthetic rubber industry. Policy considerations in meeting future requirements should take this into account".

Detailed study. Sekhar reiterates what he had suggested in his report: for a detailed appreciation of costs, the reference point should be the study of the government of India's finance ministry. Its cost accounts branch had done field studies during April to September 1986 to assess the cost of production of natural rubber. Based on these, in March 1987,

Indian rubber prices

YEAR	AVERAGE PRICE IN KOTTAYAM Rs/ QUINTAL FOR RMA-4 GRADE	WHOLESALE PRICE INDEX FEB 1988 (BASE 1970-71 — 100)	
		.COMMODITY	INDEX
1983-84	1752	NATURAL RUBBER	344.7
1984-85	1655	RUBBER & RUBBER PRODUCTS	403.8
1985-86	1732	TEA	408.7
1986-87	1660	BLACK PEPPER	669.8
1987-88	1791	CUMIN	569.0
		EDIBLE OILS	458.9
		PULSES	527.1
		FOOD ARTICLES	373.1
		ALL COMMODITIES	414.6

Source: Rubber Board and office of the economic adviser, ministry of industry

Collecting latex: is the price high?

the government of India fixed the fair price of natural rubber at Rs.17 per kg in a price band of Rs.16.50 to Rs.17.50.

Some people in the manufacturing industry question the impartiality of the finance ministry's study. But growers point out that the cost accounts branch which carried out the study does not even belong to the commerce ministry under which the Rubber Board functions. States Cyriac: "I am unable to indicate an agency with more credibility to do this exercise."

Meanwhile, as AIRIA's vociferousness seemed set to drown any opposition, rubber prices in the international market zoomed, knocking the bottom out of AIRIA's claim that the price of Indian rubber is the highest in the world. From Rs.12 per kg, the international price rose to about Rs.22 before levelling off to about Rs.18.50. On 16 May, one kg of rubber fetched 322.50 Malaysian cents (Rs.16.64) in Kuala Lumpur and 74.25 to 75.25 pence (Rs.18.56 to Rs.18.81) in London. By 30 May, the London price had risen to 90 pence (Rs.22.41). According to Cyriac, prices in countries like China, Brazil and Nigeria are even higher.

In contrast, Indian rubber prices have ben ruling steady (see table). Currently, RMA-4 grade fetches Rs.17.25 per kg and RMA-5, Rs.17. Cyriac asserts that this stability is due to judicious release of imported rubber. When the price threatens to shoot beyond the upper limit of the price band, the equilibrium is restored by releasing imported rubber into ,the market. And when the price tends to sink below the floor level, prompt procurement from the market stabilises it.

Fear of AIDS. Rubber experts offer many reasons for the unprecedented rise in international rubber prices. One is AIDS. Fear of this killer disease has made the demand for gloves and condoms soar to new heights. Since these products are made from centrifuged latex, the demand for latex increased. This in turn led to a corresponding fall in production of dry rubber sheets. As supply dwindled in the international market, natural rubber prices began to gallop.

Another cause for the price rise is the drop in production of natural rubber in Malaysia, Indonesia and Thailand due to increased "wintering" of rubber trees. Yet another cause is the fall in production of synthetic rubber all over the world due to the breakdown of machinery in an important American factory manufacturing styrene, an input for synthetic rubber production. This shortfall fuelled a greater demand for natural rubber, propelling prices upwards.

Not surprisingly, the current international price trends will butress the Indian rubber planters' demand for a higher price. According to Jacob Thomas, ex-chairman of the Association of Planters of Kerala and executive member of UPASI's (Union of Planters' Association of South India) committee on rubber, the present landed cost of imported rubber RSS-3 grade (equivalent to RMA-4) is about Rs.22 a kg. Yet, the STC is releasing this at the agreed price of Rs.17. If the STC decides to jack up this price, the planters' case for a hike will be further strengthened. UPASI claims that the present cost of production works out to Rs.18.60 a kg. It denies that it had ever demanded a price of Rs.22.

Growers have started demanding an annual updating of cost of production and a consequent refixing of prices. After all, they say, costs of inputs like wages, fertilisers and fungicides have been ba looning. If such periodic updating is als pegged to an assessment of prodcutivi increase, then the manufacturing sector interests will also be safeguarded.

Meanwhile, growers and users co tinue to circle each other, waiting for t next jab. This is despite some plaintiv calls for sanity. Sekhar, who feels th India's consuming industry (manufactu ing sector) is poised for dynamic growt yearns for a "meeting of minds". Cyri foresees "exciting and rewarding result if both sectors co-operate and aprecia each other's problems. "The Rubb Board is hopeful that the groups d manding a price of Rs.22 a kg and th AIRIA which has called for lowering prices to Rs.13 a kg will see reason," states. Until that happens, the India rubber industry will continue to boun around in a ring of contention and rival

■

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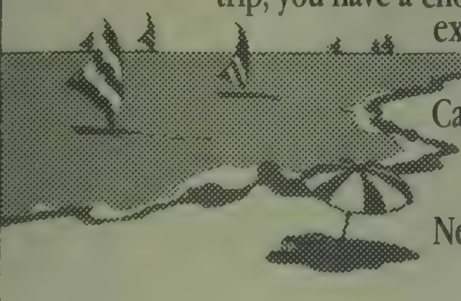

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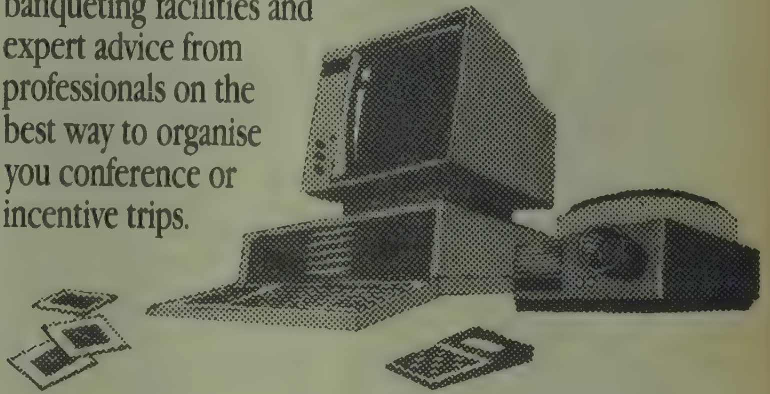

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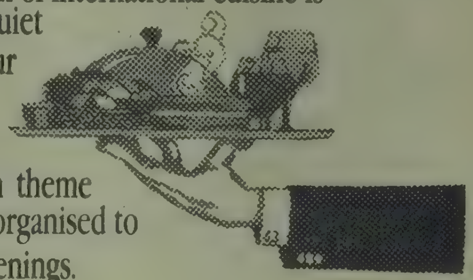

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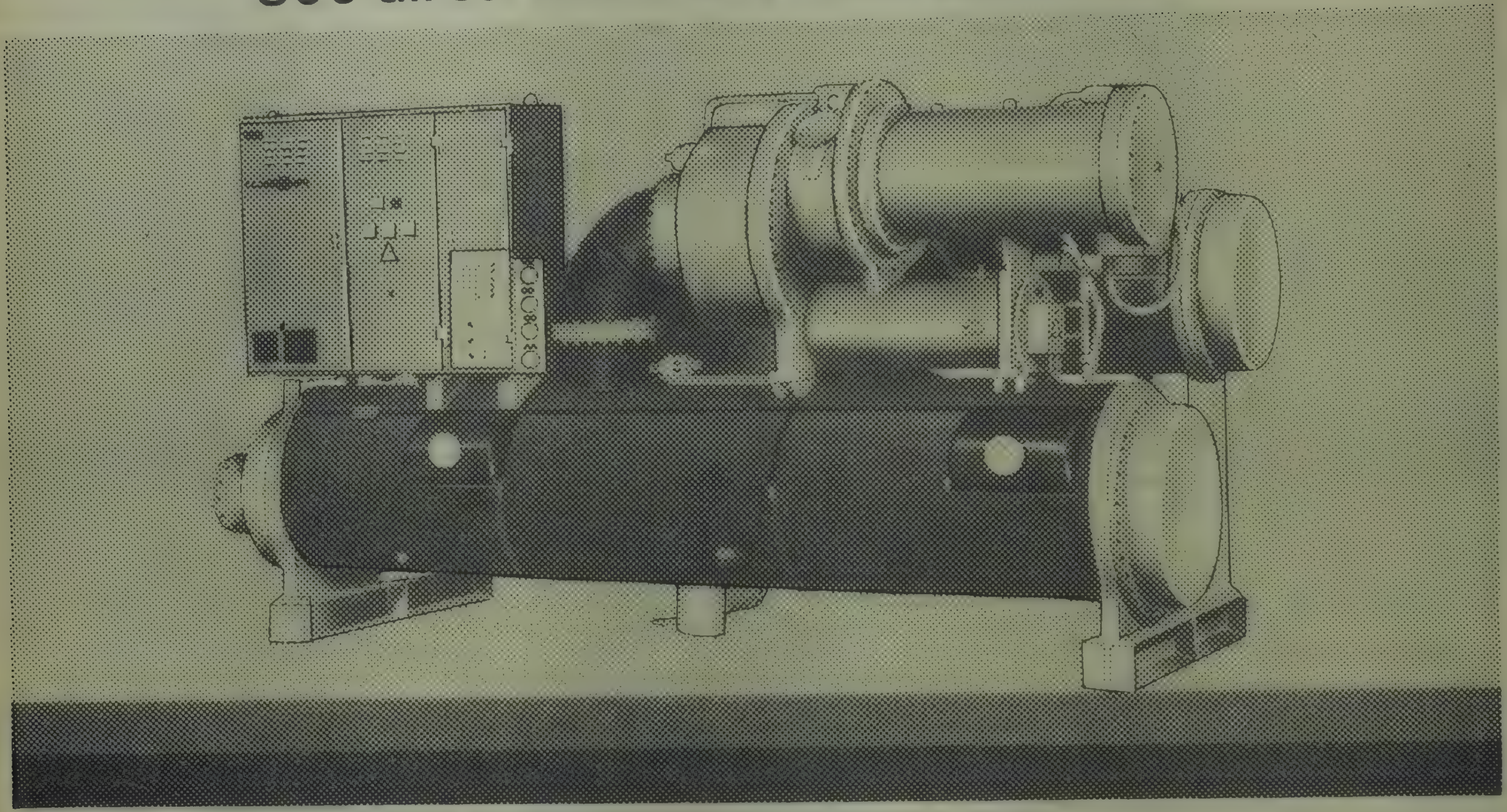

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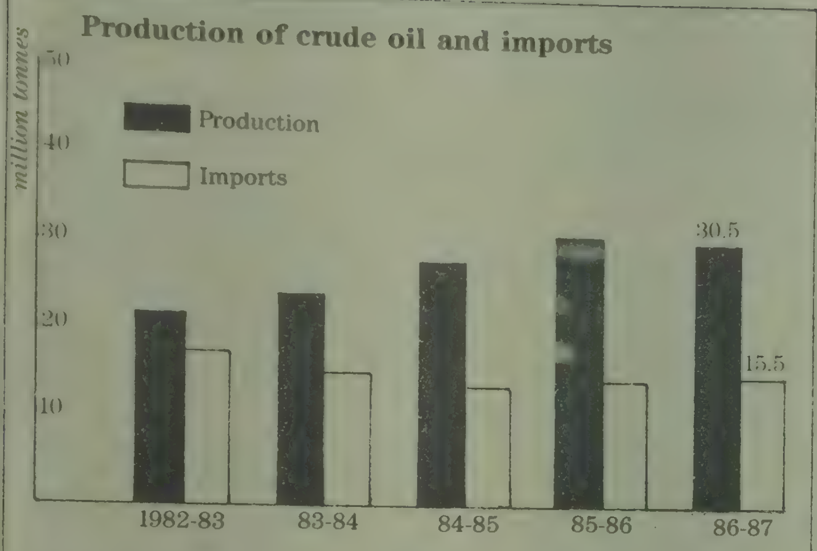


Production of crude oil and imports

Production of crude oil has been stagnating over the last 3 years. Bombay High accounts for about 70 per cent of total production. Though self sufficiency in crude oil has increased from 31% in 1980-81 to about 50% in 1986-87, the indications are that self sufficiency will decline over the next few years.

Wholesale price index: The WPI for all commodities has been steady at 423.3. In the case of primary articles, fibres registered an increase of 2.8 per cent in the month under review. In manufactured products sugar khandsari and gur increased by 2.5 per cent and drugs and medicines by 2.3 per cent. Incidentally, among manufactured products, drugs and medicines have recorded the highest increase of 22.3 per cent in the year to June 4, 1988.

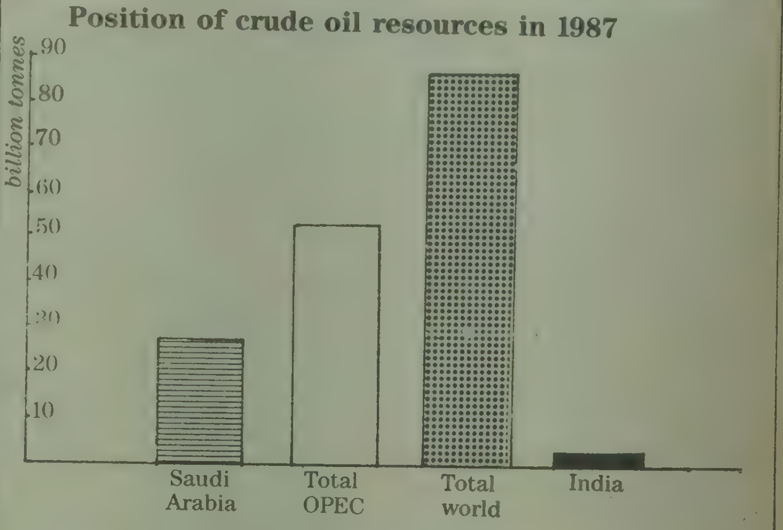
	4 June 1988	7 May 1988	6 June 1987	% change over month	year
All commodities	423.3	423.5	392.6	—	7.7
Primary articles	397.5	399.5	369.1	-0.50	7.7
Manufactured products	403.4	402.3	371.6	0.27	8.6

Money and banking (scheduled commercial banks): Broad money increased by Rs.1,205 crores to Rs.167,182 crores during the month, the lowest increase in the last two months. Food credit increased by 2.1 per cent, but is still significantly lower than that prevailing last year.

	3 June 1988	6 May 1988	5 June 1987	% change over month	year
Broad money (M3)	167,182	165,977	143,601	0.71	16.4
Agg. deposits	120,831	119,582	103,167	1.0	17.1
Bank credit	71,373	70,924	62,992	0.63	13.3
Food credit	2,222	2,176	5,062	2.1	-56.1
Credit/dep. ratio	59.07	59.31	61.06		

Bullion prices and stock market index: The price of silver in Bombay has fallen below Rs.6,000 due to depressed demand. The price of gold in Bombay has been steady, but in London it has marginally declined, from US $455.55 to US $436.55 per ounce in the month to 30 June; though in upee terms it is steady because of the appreciation of the dollar.

	30 June 1988	31 May 1988	30 June 1987	% change over month	year
Gold (Bombay)	3,140	3,160	2,680	0.63	17.20
Gold (London)	1,976	1,965	1,857	0.56	6.40
Silver (Bombay)	5,887	6,138	4,897	-4.10	20.20
Silver (London)	3,010	2,848	2,985	5.70	0.83
Bombay stock exchange [illegible]	583.50	557.69	433.98	4.60	34.50



Position of crude oil resources in 1987

Of the total crude oil resources in the world India accounts for only about 3.5 per cent or about 3.2 billion tonnes. Out of the established reserves only about 25 per cent are recorded as recoverable. Total recoverable reserves of crude oil are estimated to be about 558 million tonnes in 1986, of which about 60 per cent are off-shore.

Market for batteries — 1987

	By Value Rs. crores	%	Units Lakhs	%
TOTAL MARKET	325.9	100.0	9171	100.0
URBAN	193.5	59.4	5408	59.0
RURAL	132.4	40.6	3763	41.0

The market for batteries has been estimated at Rs.326 crores for the year 1987. About 917 million units of batteries are sold every year.

The market has grown by about 3.4 per cent in 1987. There is a very high rural contribution of 40 per cent to total market for batteries.

Market for batteries — town classwise (urban)

TOTAL : 5408 units

Class	Population	Per cent
METRO	above 10,00,000	18.1
CLASS I	between 1,00,000 & 10,00,000	28.1
CLASS II	between 50,000 & 1,00,000	14.0
CLASS III	between 20,000 & 50,000	20.4
CLASS IV	below 20,000	19.3

CLASS I towns are the largest contributors to the batteries market, contributing 28 per cent to the urban market. Metro towns, however, have a small contribution of 18 per cent to this market.

Market for batteries — zonewise

	All India Lakh units	%	Urban Lakh Units	%	Rural Lakh units	%
ALL INDIA	9171	100.0	5408	100.0	3763	100.0
NORTH	3064	33.4	1836	33.9	1228	32.6
EAST	1858	20.3	1061	19.6	797	21.2
WEST	1924	21.0	1226	22.7	698	18.5
SOUTH	2325	25.4	1285	23.8	1040	27.6

North zone is the largest market for batteries both in the urban as well as rural areas. East zone like most other product categories contributes the lowest (20.3%) to the batteries market

Courtesy: Operations Research Group

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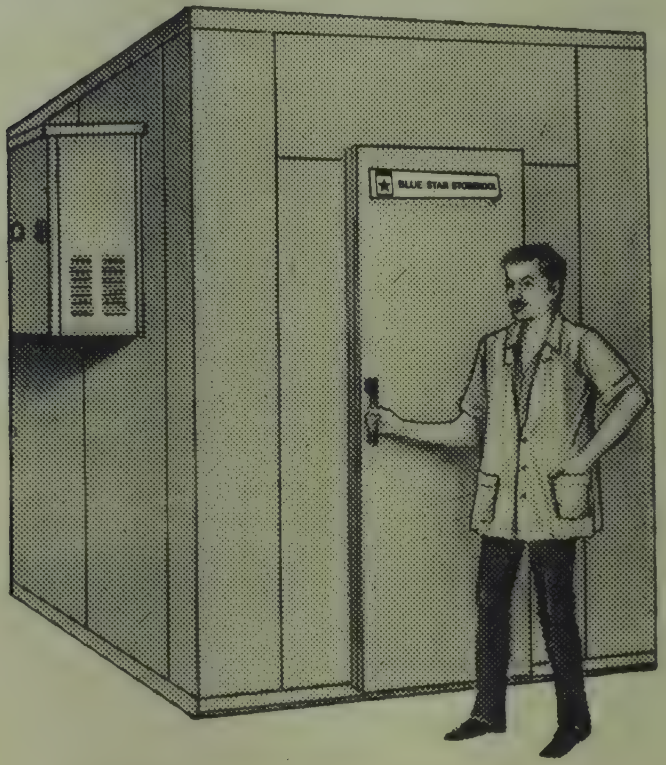

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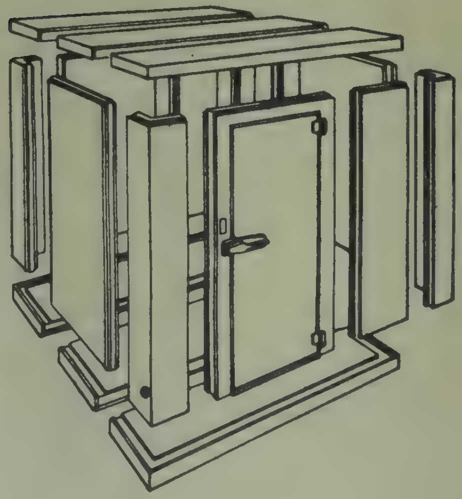

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Proving resilient

The dominating event of the year 1987-88 was the failure of rains, which led to unprecedented water scarcity in large parts of the country, especially Gujarat and Rajasthan. As a result, kharif foodgrains production fell by 12.3 per cent. Fortunately, in the last few years rabi foodgrains production, which is more stable, has been increasing in importance. Even then, real income generated in agriculture declined by 4.5 per cent. Considering that agriculture has a weightage of 36 per cent in net domestic product (NDP), this means a 1.5 per cent decline in the overall growth rate.

As a consequence of low water levels in the lakes, the generation of hydro-electric power declined by 11.9 per cent in 1987-88. The generation of thermal power improved substantially, mainly through continuous improvement in plant load factor (PLF), which since November 1987 has shown a better performance than the norm of 58 per cent recommended by the Rajadhyaksha Committee on Power.

SEVERAL POWER CUTS

There was a welcome increase of 7.5 per cent in 1987-88 in overall power generation (thermal and nuclear 15.4 per cent), but this was below the 10.3 per cent achieved in 1986-87. The overall shortage of power increased from 9.4 per cent in 1986-87 to 10.9 per cent. The power shortage varied from state to state but even in Gujarat, where the power shortage was the least, there were occasional shut-downs and severe power cuts — a grave bottleneck to industry.

All other infrastructure sectors improved performance in 1987-88. This was the third consecutive year in which railways exceeded their revenue-earning goods traffic target. Road transport improved. There was no complaint of congestion at the ports, even though ports traffic increased by 7.7 per cent. The demand for oil, especially for transportation increased rapidly, and was met through increased imports, as crude oil production was slowed down as a part of conservation policy.

Judged by the number of mandays lost, 1987 has been the best year since 1980 — only 24.1 million mandays were lost. Lock-outs were more responsible than strikes for mandays lost. There was no fear of any large scale disruption.

Industry, which has shown a rapid growth of 7.6 per cent since 1980, continued its onward march. Its pace was only a little slowed by the smaller growth in power availability and demand constraint from agriculture. Beverages, jute, wood and rubber among the major groups showed a negative growth, chemicals and electrical machinery showed higher growth rates (16.5 per cent and 40 per cent respectively).

The Indian economy has, since independence, undergone a structural change: services are now almost as important as agriculture. Along with industry, it accounts for three-fifths of national income. And since both these sectors continue to grow relatively steadily, even in a bad agricultural year national income does not fall. Thus in 1987-88, national income increased by 1.5 per cent.

The world economy gave indications of some improvement and better prospects of coming to grips with the grave problems of current account imbalances, indebtedness, etc. The OECD countries experienced a 3 per cent growth rate in 1987, and the non-oil developing countries a higher one. In volume terms, the gap between US exports and imports decreased, though in dollar terms it increased. Commodity prices became more stable. World trade grew faster, and the American president showed great courage in vetoing protectionist measures. The situation, however, was unstable.

India's exports in 1987-88 showed a steep increase, as in the previous year. This was partly due to the depreciation in the value of the rupee, but there were several underlying features which revealed the strength and versatility of the Indian economy. The proportion of nine manufactured products in exports substantially increased from 50 per cent in 1984-85 to 68 per cent. Ready-made garments, leather manufactures, textiles, gems and jewellery, chemicals and engineering goods were the major exports. In spite of the decline in rupee value, imports increased more slowly than exports. Result: the trade deficit, which had increased sharply by more than Rs.3,000 crores in 1985-86, declined by Rs.2,000 crores in 1987-88. But the overall trade deficit of more than Rs.6,000 crores is still a matter of grave concern.

Foreign remittances had earlier come handy to make the deficit manageable, but they soon started decelerating. Tourist receipts were on the increase, but debt servicing charges had already exceede 20 per cent of the current foreign earnings. More foreign aid, commercial borrowings and NRI deposits came to India immediate aid, but they aggravated long term problems.

The accounts of private sector publi limited companies responsible for 38 pe cent of the value added in the privat registered manufacturing sector i 1986-87 showed a decline in profits an profitability. Dividends were sought to b maintained through greater distributio of profits and yet they declined from 13. per cent of paid-up capital in 1985-86 t 12.6 per cent. One does not get simila detailed accounts for 1987-88, but th unaudited six-monthly working results o 124 companies with six-monthly accounts for July-December 1987, or of 7 companies for October 1987-March 198 show that the picture is improving i terms of real sales and net profits. Mor than 45 per cent of the companies, however, skipped 1987-88 dividends.

BETTER MANAGED

The enterprises covered by the Bureau of Public Enterprises' annual survey, fo which detailed accounts are available fo 1986-87, are better managed than publi enterprises in the states or commercia departments under central and state governments. But these covered only aroun one-third of the total net value added an 52 per cent of gross capital formation b all public sector enterprises. Afte 1981-82, these enterprises have bee making some profits. But if the petroleum companies, whose prices contain a larg tax element, are excluded, they still mak a loss. However, inclusive of petroleum companies, they pay less interest on thei borrowings from the government an even make meagre profits. Their reserve are 17 per cent of their paid-up capital. I the first six months of 1987-88, they hav made sharply reduced profits. But th latter half is financially better, and the may make up for the decline.

A distressing feature of the industria economy is the large bank credit locke up in sick industries (Rs.4,874 crores a on 31 December 1986). Two-thirds of th credit blocked by large sick units i locked up in the three industries — textiles, jute and engineering. Nursing them to health is an urgent task, but preliminary investigations reveal that few o these are curable. Of the 1,47,740 sic units, only 12 per cent, accounting for 4 per cent of bank credit, were found viabl 50 per cent were non-viable and th

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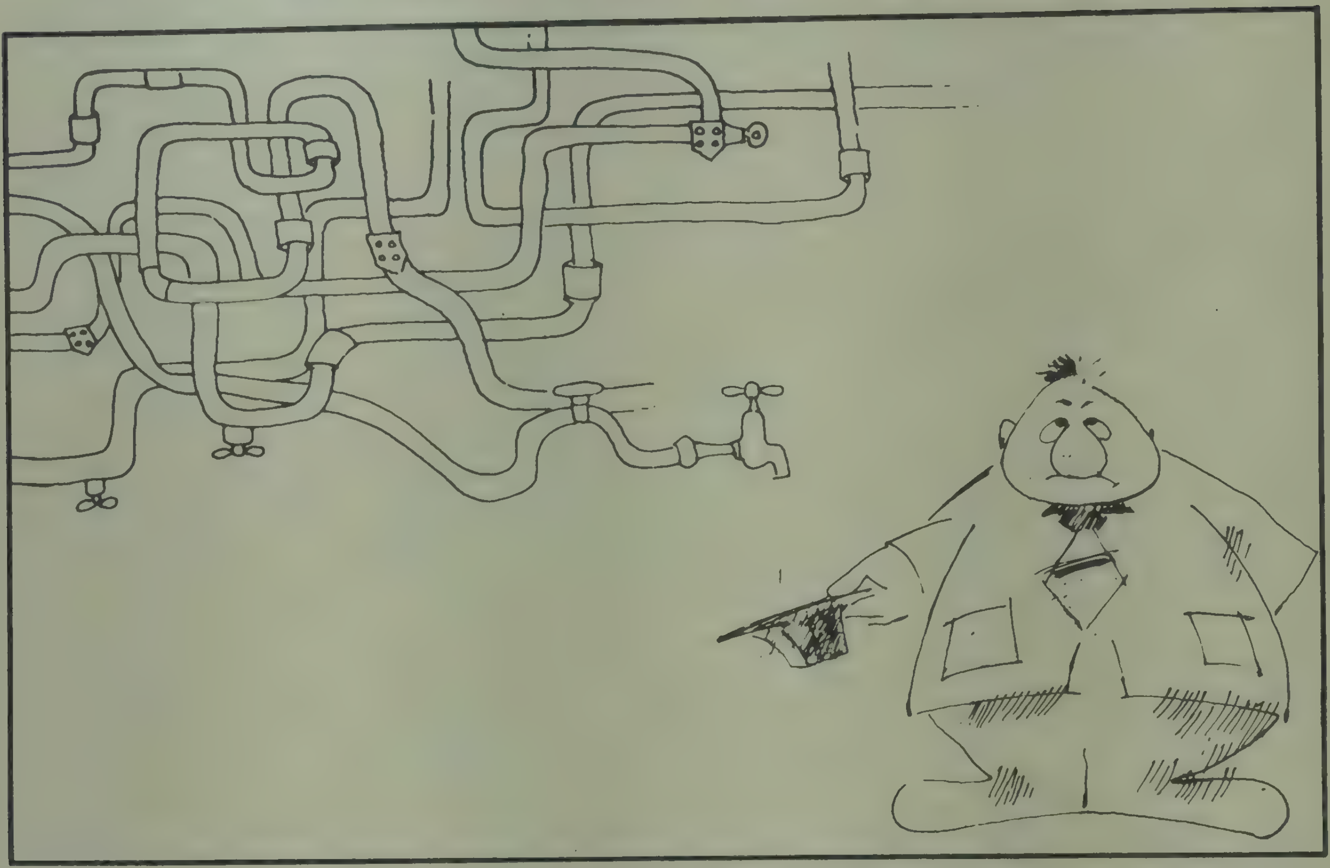

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status of the remaining 6 per cent has yet to be decided.

The value of imports of capital goods and the number of approved foreign collaborations raise some apprehensions about the slowing down of the economy. In 1987-88 (June-ending), the capital issues showed a 15 per cent decline. There has also been a shift in the popularity of different instruments. Debentures of private sector companies seem to be falling out of favour. It is hoped that steps taken to stimulate and regulate the capital market will yield welcome results, and the target of Rs.4,000 crores planned to be raised in the capital market next year will be met.

In terms of money supply increases (M1), the year 1987-88 turned out to be much better than feared. Public expenditure increased less than in 1986-87 (7.9 per cent against 20 per cent) so that with increased resource mobilisation, the addition in bank credit to the government as percentage of GDP was less than that in 1986-87. The increase in bank credit to the commercial sector was less mainly because of lower food procurement and decline in stocks. Money supply increased by 12.6 per cent compared with 17.4 per cent in 1986-87. While the wholesale price index rose by more than twice that in the previous year (10.4 per cent compared with 5.3 per cent), the rise was still moderate considering the severity of the drought. In the ten weeks of 1988-89 ended 3 June, there is a reversal of the tendency and bank credit increase has been more than in the corresponding period last year. But the fall in foreign exchange reserves acts as a restraining factor to the increase in money supply. If food procurement improves, food credit will go up and with better industrial growth there will be pressure for increase in commercial credit. In anticipation of this contingency, the Reserve Bank of India has already taken some precautionary measures by increasing the cash reserve ratio.

The 1987-88 famine has witnessed the great variability in results that voluntary procurement can lead to in a bad year and the subsequent drain on stocks that effective public distribution may imply. Procurement of foodgrains fell from 17.6 million tonnes in 1986-87 (July-June) to 14 million in 1987-88; public distribution increased from 16.7 million tonnes in the previous year to 20 million tonnes in 1987-88. Along with open market sales of 3 million tonnes this meant a steep fall in stocks of 42 per cent in one year (from 23.4 million tonnes to 13.5 million tonnes). The balance stocks did not look adequate to bear the strain of another bad year, and imports had to be thought of. There was a big slideback in the thinking of the nation from being a potential exporter of foodgrains to an actual importer.

HOPE FOR AGRICULTURE

It is too early to say how the 1988-89 monsoon will behave, but assuming it is normal, agricultural production will bounce back. The fact that in four consecutive years foodgrain production has lagged behind the 1983-84 level has stressed the need for more vigorous policy measures in agriculture. The effect of these should be felt in 1988-89 also. The additional capacity installation in power is not much behind schedule and it is hoped that the shortage will be made up in 1988-89. The period April-May 1988 witnessed a greater than planned power generation, and the power shortage in 1988-89 may be reduced to 8.7 per cent. Detailed calculations show that the infrastructure index will show a 12 per cent growth next year. With improvement in infrastructure and more demand from the agricultural sector, industry should grow faster. Recent policy measures of liberalisation, of fiscal incentives to exports and to hotel industry, of investment allowance to select industries, giving stimuli through growth centres, etc should ensure accelerated industrial growth. The current year, 1988-89, is likely to witness a 7 to 8 per cent growth. The trade deficit will increase because of greater imports of foodgrains, crude oil and capital goods but will not present insuperable problems. It will call for more efforts for additional exports outside the quota to quota countries, and to non-quota countries.

Since 1988-89 will be the fourth year of the Seventh Plan, it may be legitimate to raise the question of Plan fulfilment. Two major difficulties face us in the Seventh Plan period. About 63 per cent of planned central expenditure and 55 per cent of state expenditure has been incurred on the Plan, but the financing of the Plan has not been sound. Three-fourths of the resources raised have been spent on the unproductive items of defence, subsidies and interest on debt. The central Plan has been financed through excessive borrowing and deficit financing and the state Plans through central aid. The public sector has failed to raise the expected resources. The Planning Commission has observed that unless this is remedied, the overall level of savings in the economy will be reduced. Calculating with the CSO's new series of National Accounts with base year 1980-81, savings will fall short by 4.4 per cent and capital formation by 3 per cent in the Plan.

Balance of payments is another fron on which we may face increased difficulties. With liberalisation and rapid industrial growth, our demand for imports will increase. The temporary respite through decline in petrol prices may disappear. In volume terms, in 1985-86 we had a decline in exports; the better export performance of 7 per cent increase in 1986-87 and again in 1987-88, followed by a similar record for the later two years can take the export growth rate to 5 per cent, but much below the 6.8 per cent target rate. We may rely more on foreign aid or non-resident foreign exchange deposits. In either case, we may be accumulating trouble. The only way out will be increased exports.

We have already remarked on the lacklustre performance on the agricultural front after 1983-84. This has been largely made up by the better performance of industry and services, but not entirely. In the years 1985-88, the economy has grown at the rate of 4.5 per cent a year and in 1988-89 there may be a growth of 7.5 per cent. An increase of the order of 7 to 8 per cent in 1989-90 is needed to get an average 5 per cent growth rate for the Seventh Plan. But this seems to be unlikely.

■ D.T. LAKDAWALA

(Economic Outlook July 1988, CMIE)
Dr.Lakdawala was formerly professor of economics, Bombay University, and thereafter deputy chairman, Planning Commission during Janata rule. He is now honorary director of the Centre for Monitoring Indian Economy, and Professor Emeritus, Sardar Vallabhbha Patel Institute of Economics, Ahmedaba

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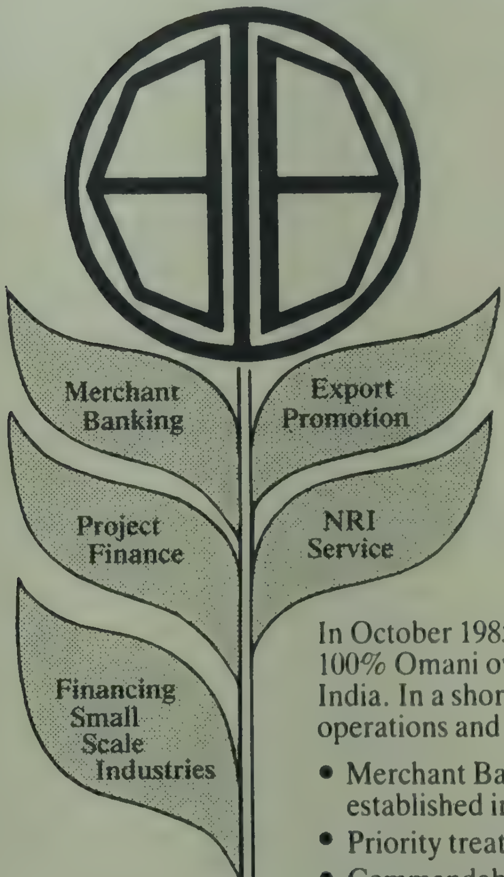

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DCM

To split or sell

In business, mistakes are rarely fatal. But a failure to deal with their consequences is fatal. For DCM, the cash-strapped and ailing giant coping with myriad mistakes, this is the moment of reckoning. Decisions taken today will alter the structure of the company completely — well beyond recognition

Last week business circles were agog when news began to leak out about the proposed sale of the 1,100 acre Kota complex that produces cement, PVC, rayon, and fertilisers. While no senior Delhi businessman is willing to comment for the record, the sale is the most discussed subject in the capital's business circles.

If as per a plan unveiled last week, DCM actually manages to sell its giant Kota complex, it will be the single largest divestment in Indian corporate history. For the giant ailing corporation, that incidentally cannot afford to celebrate its 100th birthday, thanks to being completely strapped for cash, the sale of the Kota units is the one swift way to access a huge cache of cash. DCM needs it desperately. Says Mantosh Sondhi, a senior director on DCM's board, "A rapid transfusion of cash is needed immediately if large parts of the company's operations are not to come to a grinding halt."

Cash will be easy to come by with the Kota complex on the bidder's block. Already the high flying Abhey Oswal has made a bid of Rs.125 crores for the entire complex, excluding the rayon unit. Oswal's current bid, which includes Rs.30 crores in cash up-front, is making the cash-starved Shriram family almost salivate. But desperate as DCM is, some semblance of propriety is being maintained. In any case as is well known, the institutions together control well over 30 per cent of the shares, and the institutional directors suggested that tenders be invited from other bidders before the matter is put to the board for a decision. So last week, the corporation's key accounts keepers were busy finalising a tender notice inviting other bids. In the meantime, early last week, the financial papers carried an advertisement inviting offers for sale of a composite mill in Delhi with prime urban land. Already the phones have been ringing at DCM's headquarters.

The desperation at DCM is palpable. The company is finding it difficult to pay for its cotton and synthetic raw material purchases. Not only have the company's textile mills in New Delhi ground to a halt but other operations too are so short of funds that the workers' wages at Swa-

The urea plant: on the selling block too tantra Bharat Mills for June could not be paid. Estimates suggest that the company is losing Rs.1 crore a month on its textile operations alone. The losses are heavy elsewhere too. The foundry at Chandigarh aside, most operations (except for sugar (sales: approximately Rs.100 crores) and vanaspati (sales: Rs.170 crores) are bleeding the company dry. DCM computers are moving slowly from the shelves, the DCM-Toyota, like other LCV manufacturers, is yet to get off and running textiles are in a shambles and even the on-sale-now Kota cement and fertiliser operations glower a dangerous red.

The Kota complex is one of the big enterprises of the DCM group in recent times. The complex, which comprises PVC, rayon, cement and fertilisers, makes little money today. On account of global glitches, PVC is a momentary money spinner (reportedly 1 crore per month) as also is rayon currently. But the millstone round DCM's neck is the cement plant that everybody in the company (in a rare display of unanimity) says can never be profitable, with its wet process and highly over-capitalised structure. Losses on cement are almost 10 crores per year! And, fertilisers, despite a government subsidy runs at barely 65 per cent capacity, loses money and merely has unsold stocks to boast about.

If all goes as per the plans of some members of the warring family, the deal should be finalised by 5 August when the full board of DCM is scheduled to meet and consider the final offer. Before the board gets its hands on the money a number of hurdles still have to be crossed. But company insiders believe the deal can be finalised within three months.

Indicative of the hurry that DCM is in, is the fact that at the moment reportedly only 15 days are being granted for new bidders to make their pitch. And, going by the company's own enthusiasm to make the deal public, it is expected that wide publicity may attract offers well above the Rs.125 crores that Abhey Oswal privately contemplated offering (see box — Is Oswal the best bet?). As we go to press there are reports in DCM's Kanchenjunga building headquarters that Oswal has moved his offer up to Rs.145 crores.

Arun Bharat Ram and Siddharth Shri Ram: originators of the sale idea

The proposal to sell the Kota units is the first public manifestation of a kind of cash-and-carry conspiracy that has been hatched over the last month. It has left almost everybody gasping. The sell option, which is now sought to be exercised, is after all a kind of obverse of the split option that the board of DCM had contemplated some six months ago. In fact, since early November 1987, when the red ink had thoroughly blotted DCM's already bloodied balance sheet, drastic measures had been contemplated.

The split option as discussed so far envisages retaining only the facade of DCM while spawning fully independent subsidiaries that are watertight management turfs, allow for individual capitalisation and retain only a notional link with each other. Some company sources suggest that even the facade of a common holding company is merely an intermediary step. And, that the final objective would be the complete division of DCM into three or four non-related corporations.

Split or sale, either option is likely to change the face of DCM forever. In a bid to stay afloat for a while longer, the current sale option seems to be a kind of damage limitation exercise that, according to Arun Bharat Ram, "could put an end to all the drainage that is currently going on, of the company's minuscule cash resources". In fact, this fire sale idea originated with the new duo of Arun Bharat Ram and Siddharth Shri Ram, who are currently the powerful combine within DCM. As one of the duo explained in confidence, "The idea to sell part of DCM to raise cash is the kind of dramatic solution that the old guard would never have contemplated."

While the duo may well have been damning their own fathers — Lala Bharat Ram and Lala Charat Ram — for obduracy about the prospect of selling, there are

Capacity, production from Kota units

(tonnes)

	Capacity						Production		
	Licensed			Installed					
	1984-85	1985-86	1986-87	84-85	85-86	86-87	84-85	85-86	86-87
SUPERPHOSPHATE	21,600	21,600	21,600	21,600	21,600	21,600	114,427	62,812	803
GRANULATED FERTILISERS	70,000	70,000	70,000	70,000	70,000	70,000	—	—	—
RAYONS YARN, CORD FABRIC	7,000	7,000	7,000	7,000	7,000	7,000	4,225	3,161	1,299
UREA	330,000	330,000	330,000	307,000	330,000	330,000	325,725	348,418	312,252
AMMONIA	220,000	200,000	200,000	181,500	198,000	198,000	—	—	—
PVC RESINS COMPOUNDS	60,000	60,000	60,000	33,000	33,000	33,000	19,683	14,817	20,085

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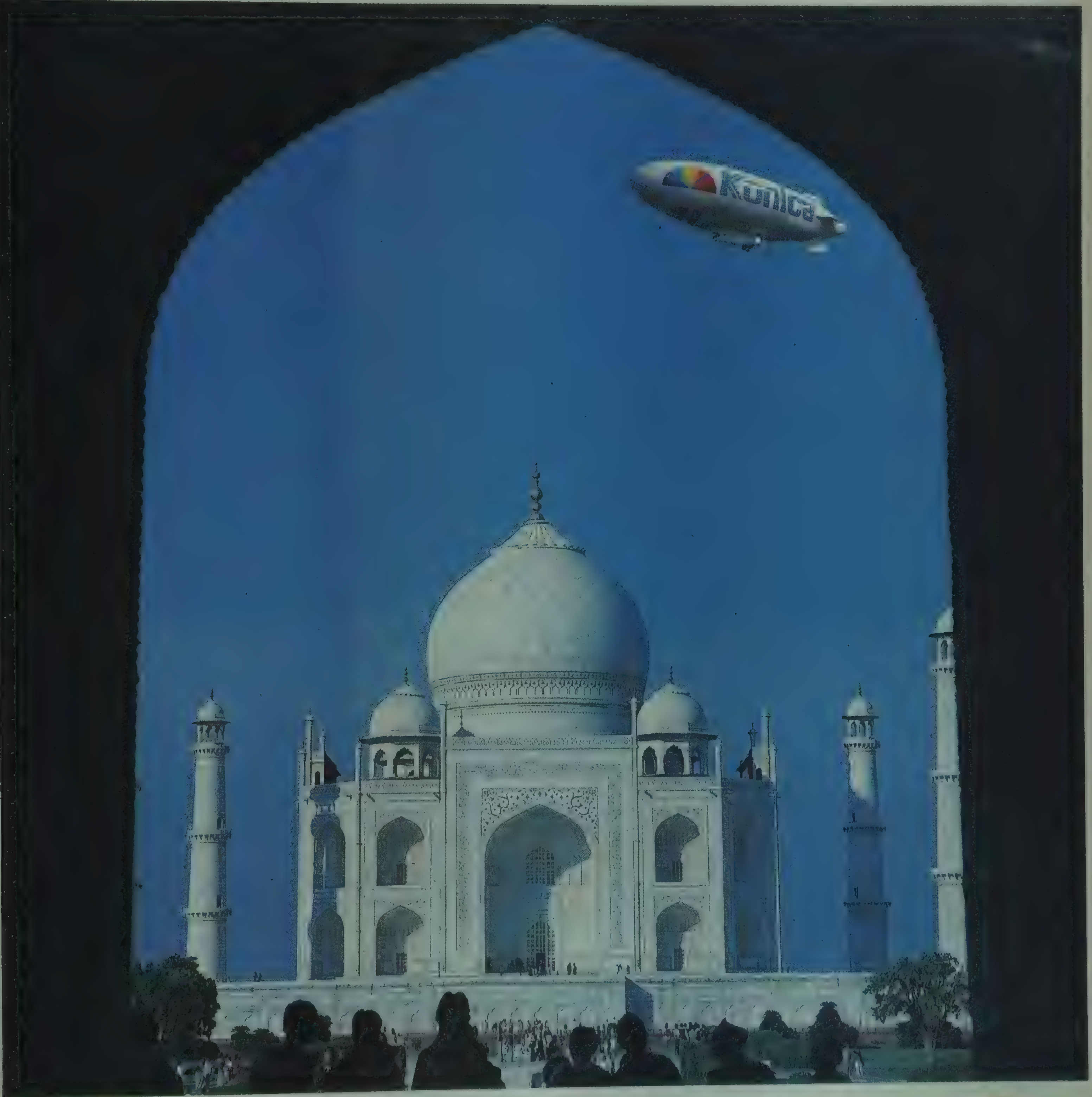

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enough objectors even in the current generation. Board members, who insist on not being quoted, agree that the decision to sell is unlikely to be unanimous, if it is actually ever taken. In fact, there are indications available today that chairman Bansi Dhar may have had second thoughts about the sale option. He agrees that getting rid of Kota may be "akin to selling off the crown jewels because they are a bit dusty".

While there is no doubt that the Kota units are certainly very valuable assets, does DCM have any real options. The cement unit has a capacity of only 200,000 tonnes compared with modern plants of 1 million tonnes. What is worse, is that it is based on a wet process. Currently it loses almost Rs.10 crores per year. Similarly the PVC unit, though currently profitable, is based on an outdated technology and needs to be modernised completely. Also the fertiliser plant, to be competitive, needs to switch over to a gas feed-stock, with gas being supplied by extending the HBJ pipeline.

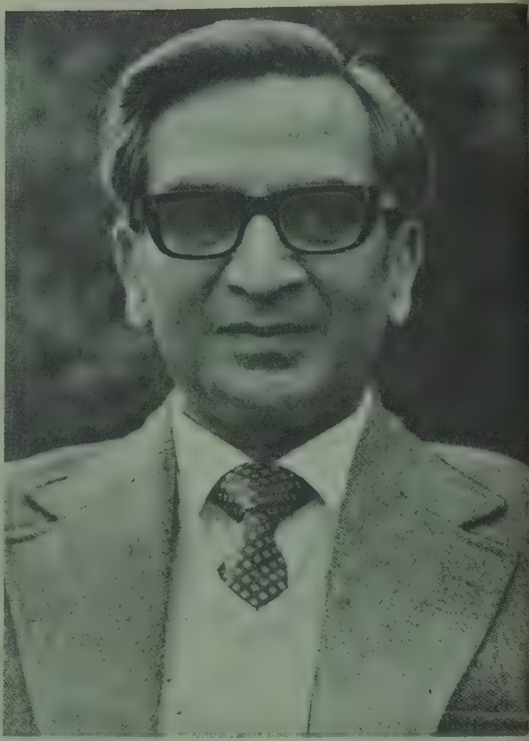
Such a modernisation would require atleast Rs.200 crores. Certainly the bulk of the money would come from the financial institutions, but also the company would have to come up with its share of Rs.50 crores plus. But such internal cash generation is impossible and the public shareholders are unlikely to participate in any public offering, given the past record of the company.

In these circumstances it is felt that the Kota units should be sold and also other unproductive assets ought to be sold quickly. It is argued that since the family has not been able to manage these assets effectively, it would be better to let somebody else try his hand. The argument is that DCM would realize very large capital sums for these assets and that the company would thus be far better off. Says a prominent merchant banker who has had DCM under the financial microscope for a while, "One scenario we have worked on would have DCM gradually turning into a food processing company, with just vanaspati and sugar from its existing lines and a mountain of cash that could — after all else is sold and settled — be worth over Rs.900 crores."

Visions of this mountain of money have danced tantalisingly before DCM's eyes for several years now. At the time of the Swraj Paul raid for example, the family had seen the usually somnolent share value leap up to a dizzy Rs.200. After that attack had been fended off and the company had its management shakeout into a new generation, there was again the vision of a great windfall. This time round, it took the form of the bonanza that could come from the sale of DCM's Bara Hindu Rao Textile Mills where 63 prime acres of downtown property redevelopment could have yielded the company a net profit of Rs.250 crores. Tangled in a welter of legislation, labour obstinacy and legal battles, the DCM land lottery is now once again maddeningly close to resolution. And now, with the great fire sale which has been linked to auctioning of the family jewels, DCM will certainly end up with a pile of cash.

Curiously enough, the two prospects of cash may well be related. If the current court cases to release DCM's lands are won by the company, an estimated Rs.20 crores will be needed to give acceptable golden handshakes to the displaced workforce. This money the banks have so far refused to advance, say company officials who are handling the DCM land deal. If both the permission to sell land as well as the sale of assets goes through, DCM may well become flush with funds. But, say land-dealing officials, a favourable court judgement would require quick action on the workers front — an act that would require an immediate sale of atleast some units at Kota.

The land victory that some family members insist is imminent, can only be partial, say board members, who expect that the government (which has been objecting to the sale of DCM's textile mills lands) will go up to the Supreme



Bansi Dhar: second thoughts on the plan

DCM
TEXTILES

The DCM textile mills: 63 acres of prime property

Court before the issue is finally sorted out. So, say opponents of the sale, either way it may be an unnecessary to sell Kota to get cash. If big money is indeed on the way, the cash from Kota will be irrelevant. And if Kota is sold and there is no land deal, the company will have lost an asset that could, if properly managed turn into a money spinner.

Options other than the current sale plan have been investigated insufficiently, say some members of the family. One proposal submitted to the board had instead envisaged options that included, in addition to the Bara Hindu Rao property, the sale of non-productive or non-operative assets like the 16 Barakhamba Road building (two floors of which were sold last week), the Nai Sarak building, Hissar land, Malout land, and SFFI land. Disinvestment of loss-making units like Swatantra Bharat Mills, the electronics unit, Shriram Rayons and Cement. In addition another possibility disinvestment of Shriram Fibres and/or DCM Toyota shares, or a part of them at any rate.

The biggest opponent of the Kota sale could well be the chairman himself. Bansi Dhar believes that Kota may well be on the verge of a turnaround, especially with the prospect of the HBJ pipeline creeping close by. Indeed, it is now well known that Bansi Dhar is having second thoughts on the sale plan, as also some other older family members.

And yet, board members are surprised at this stance. After all it was Bansi Dhar who had originally carried the news of the

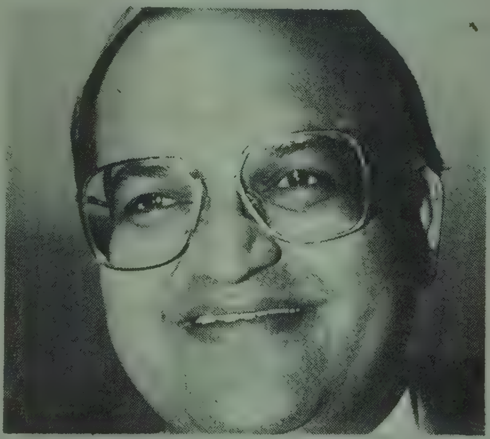
BOX 1

Is Oswal the best bet?

The answer is yes if some merchant bankers are to be believed. "Abhey Oswal can today write a cheque for Rs.125 crores and it will not bounce," says a merchant banker. Oswal's group of companies is, today one of the few which can boast of liquidity of this magnitude. In fact, Oswal (through two public issues of Oswal Agro Mills and Bindal Agro Chemicals) has collected about Rs.135 crores from the public in 1988.

Oswal has, for the past two years, been on a shopping spree. His first conquest was in 1986 when Bindal Agro bought the five S alcohol unit (from a marwari group); subsequently, the Jagatjit sugar unit came under his belt. Since then, flush with cash — earned from trading and collected from the public (he has picked up about Rs.225 crores since 1987) — Abhey Oswal has looked at IEL's Rishra plant, Union Carbide's (UCC) Chembur unit and now, it's time for DCM's Kota units.

Instructions have already been issued to leading brokers, merchant bankers and middlemen (who specialise in the buying and selling of factories) to be on the look-out for plum pickings. The only conditions: the plant should be viable; it should yield a turnover of over Rs.100 crores; and it should be situated in the northern or the western parts of the country because Oswal is interested in shifting his base to either Delhi or Bombay. Most of the people close to Oswal whom *Business India* met were categorical in stating these conditions.



Abhey Oswal: on an acquisition spree

Coming back to his trading activities, which have been rarely discussed publicly, Oswal made his first big kill when he began importing Suzuki portable generator sets in the early 1980s. In a single year, reportedly he earned a profit of Rs.5 crores from this item alone. In the years that followed (till 1985-86), his profits from trading — as evident from Oswal Agro Mills' annual reports — were phenomenal. Some corporate analysts claim that calculations would show that in this period (1981-86), his manufacturing activities were incurring losses or at best breaking even and his profits came from trading in items such as emergency lighting units and marine products. On the other hand other analysts feel that trading skills are the critical skills required in today's competitive markets.

Another area where Oswal excels is stockmarket trading. Big brokers bow their heads in respect and speak of him with awe. There is little doubt that in a short while Oswal has built a significant market following. Naturally, there are also the sceptics who look askance at anyone growing rapidly. One broker goes to the extent of saying that "Oswal's announcements about new projects, buying, modernisation, etc are meant only to create a sensation in the minds of investors."

Oswal's rising share values have obviously made him very acceptable to many institutions. Many people agree that some of the institutions have made a lot of money on shares of the Oswal group.

But even with cash and possible institutional support, Oswal's plans have gone slightly haywire. The buying of the Rishra plant with the intention of shifting it to Noida, UP, has been temporarily stalled. "The West Bengal government has refused to allow the plant to be shifted to another state." The central government has also scuttled Oswal's proposal to buy over the shut-down unit of UCC at Chembur.

Even the DCM trip is not going to be easy for Oswal. Oswal certainly has thought big. But sceptical corporate observers raise questions about his ability to manage the units. To start with they point out that his track record is too limited to base a judgement on. They concede that Oswal is a smart trader but argue that manufacturing requires different skills. The other view is that he can afford to hire the best of technical staff. One does hear hushed whispers about the phenomenal salaries his companies are paying or ready to pay.

The question uppermost in the minds of people close to Oswal or his companies is: how far will this man go? According to some, he will go a long way. "After all, many had believed that the Reliance bubble would burst. But nothing happened," comments a broker. Others believe that Oswal is climbing too fast and becoming overconfident. He is probably best described by his uncle, R.C. Oswal, who says: "Abhey will become the second Dhirubhai Ambani.

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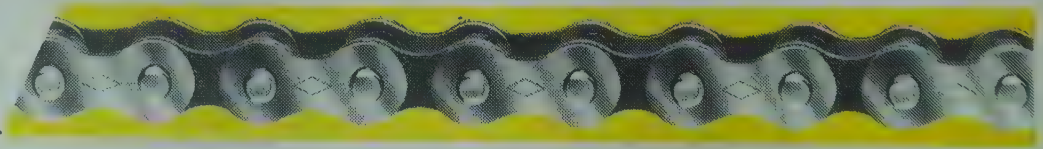

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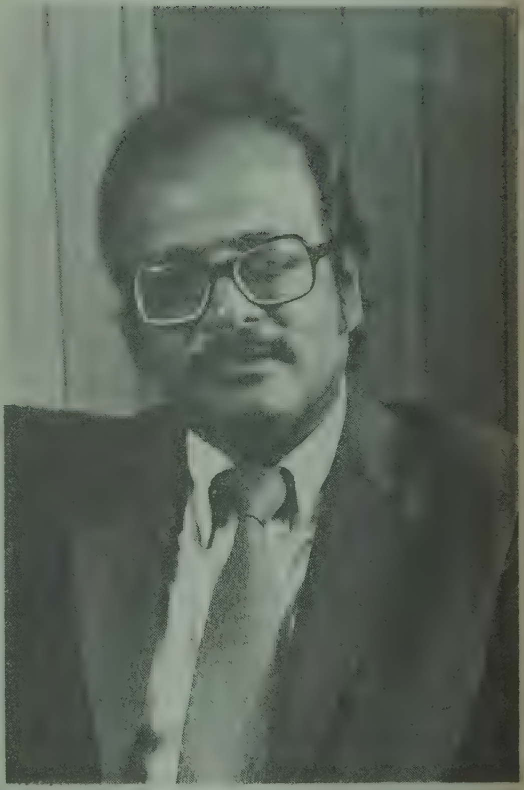
first offer for Kota. Some months ago (at the end of May, say insiders) Bansi Dhar had indicated that K.K. Birla may have been willing to offer Rs.45 crores for the fertiliser complex alone. Birla's offer had been instantly dismissed as being too low to merit consideration — though some indications exist that Birla may yet be a contender for the entire complex. Now, Bansi Dhar insists that the fertiliser plant at Kota, which has a 25 per cent capacity hike approved already, may well be on the way to both recovery and profits, especially with the prospects of a good monsoon and gas-based power supply.

But is there really any option to the sale plan. Given the dire financial straits the company is in, clearly drastic action is called for. Unfortunately, at this crucial juncture of the company's history the sad fact is that there is no cohesion at the top within the family. Quite apart from Bharat Ram and Charat Ram who have been relegated to retirement now, Vinay Bharat Ram, Bansi Dhar, Siddharth Shriram and Vivek Bharat Ram are not working as a team. Even with all institutional financial help and support it would be a vastly uphill task to modernise and turn around the sick units within the company. But without united thinking and action at the top such option is just not feasible.



Vinay Bharat Ram: schism at the top

It is therefore virtually out of a sense of complete frustration and helplessness that some of the younger members of the family believe that it is better to sell even the whole of the Kota complex rather than let the whole company slide into an irreversible tail spin.

They recognise that a pruned down company would have a drop in sales from approximately Rs.550 crores to Rs.350 crores. But atleast instead of losing Rs.25 crores, the company would actually make Rs.25 crores. It is better, they feel, to swallow their pride and recognise the hard economic realities even if it means selling valuable family jewels. The alternative, given the present management set-up is to slide into bankruptcy very quickly.

Even the strongest proponents of the sale recognise that any buyer would have to modernise and upgrade the plants. But the buyer would have to inject further cash into the units, which currently DCM does not have; but more important the buyer would have to take quick and determined action. In fact the real bane of the DCM group has been the inability of the key family members at the top to pull together unitedly.

In fact, although never really openly spoken in the rarefied atmosphere of the fourth floor Kanchenjunga headquarters, almost all the key players understand that the sale of Kota will be followed by sales of other unproductive assets. Plans are being drawn up to sell the Delhi Textile Mills and let any purchaser realise the future gains on the real estate

BOX 2

What role do the institutions play?

"It was DCM's management which initiated the idea of selling the Kota units and the institutions have only agreed to study the proposal," says M.J. Pherwani, chairman, Unit Trust of India (UTI). Does this mean that the financial institutions, in spite of the control they wield (the institutions, particularly LIC and GIC hold over 30 per cent of DCM's equity), have no say in the decisions taken by the management?

Institutions firm. But the institutions obviously would expect some type of tender in a transaction of this size. "We have asked for tenders to be floated to invite bids from other willing buyers," says a senior manager in the Industrial Development Bank of India. It was after the move to invite tenders that Oswal reportedly revised his price to Rs.145 crores. But brokers opine that the Kota complex is worth more than Rs.300 crores.

The sale proposal raises many questions. Does it indicate a gradual decline in the management's ability to handle the affairs of the company? Can the institutions, which hold over 30 per cent of the equity in DCM, disclaim all responsibility for the present state of the company? Would it have made better sense for the institutions to change the management rather than decide to sell off the profitable units? These are the questions that have been raised time and again.

Different viewpoint. Those in favour of the Kota divestiture including some institution officials, have a different viewpoint. The immediate liabilities of the company are about Rs.50 crores. "So in one stroke the Rs.125-crore accrual will wipe off this liability and leave a surplus of Rs.75 crores. This surplus will help the company pay back loans, reduce interest charges (which have risen to Rs.22.62 crores in 1986-87) and lighten the burden on the institutions which have had to provide money every now and then to the company," says one such supporter. It is further pointed out that with the current balance sheet and profit and loss account, it would be difficult for the institutions to lend more money to DCM unless the Shri Ram family come up with their share of the funds required.

But how much money can be put into a company and to what extent should the institutions support a management which has failed repeatedly ? "The answer to this question is not decided on financial considerations," says an institutional source "but also on political, social and other considerations."

As is well known, the Delhi based Shri Ram family has excellent connections in Delhi. Vivek Bharat Ram is a very close friend of Rajiv Gandhi. And both he and his cousin Siddharth were classmates of the prime minister at Doon School.

In this light, all in financial circles know only too well that the institutions are hardly likely to take the lead in pushing the management to take decisions they do not want to take.

ALAM SRINIVAS

development.

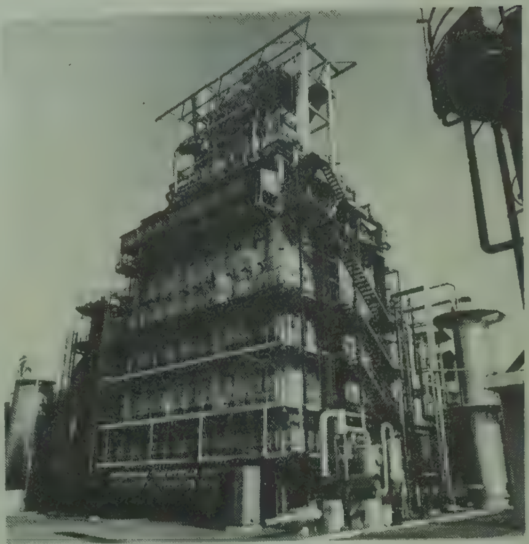
What will be left after the sale will be the sugar and vanaspati units, the foundry and engineering divisions and computer business. With the debts paid down and profits being generated, the company will be able to use the balance cash to great advantage to get into new businesses and start all over again.

Bansi Dhar, blowing cold on the sale plan, is one of the most insistent proponents of the alternative which is the split plan. By dividing DCM into three or four parts, the corporation (or at least its components), can still be saved, he believes. The division of spoils that any such breakup would imply are enormously complicated. But, says broker Harish Bhasin, "A three-way division of the shareholder body is not as daunting as it seems."

The writing on the wall appears to be clear. After a sale of major assets, a split would be inevitable also. Most members of the family believe that it is no use talking about a split at this stage but that it is better to pay off all liabilities, and ensure that the company is cash rich before talking about the split.

The plan to split has been in the air for a long time now. Everybody, both inside the corporation and outside, clearly knows that the current rapid decline of the company is due to the serious schism in the top management team. Vinay Bharat Ram, Siddharth Shriram and Bansi Dhar do not see eye to eye on almost anything. As a result, every single managerial initiative taken in any division of the company has come to naught. The situation was spelt out clearly in a memo to the board which said that a split could work because it would remove the confusion prevailing as only one family member would manage each company. It would also ensure more authority (and therefore also accountability) for each of the concerned MDs. It would protect the interests of the shareholders and keep them happy, bring greater financial discipline to the loss making units and enable them to approach the government for soft financing rehabilitation packages for reviving their operations. This will be easier as separate companies rather than as a part of the group.

Bansi Dhar, for one, believes that if in fact the split is effected quickly then perhaps the sale would not be necessary. Individual family members could then revitalise the units earmarked to them.



The ammonia plant: sale of the Kota complex will change DCM

But even if the split is to follow the sale, most observers of DCM's management style agree that sales themselves are not an easy business. Says one of the family members, "Selling requires decisive and quick responses. This is not something that DCM is used to doing."

The whole Kota complex, however, was not on the original plan, agree DCM sources, who say that the Kota-based cement unit was first contemplated for sale. But soon everybody realised that it was unlikely to be ever sold since Kota, originally sanctioned for a capital investment of Rs.12 crores, had wound up costing an unbelievable Rs.35 crores. With companies like ACC putting up cement plants for sale, DCM quickly realised that on its own the cement unit would have barely fetched scrap value. This, say family sources, led to the decision to look at Kota as a composite sale where fertilisers would be the main draw.

Though there are various versions as to how Abhey Oswal got into the running for the deal, it is most likely that Oswal made his approach via the financial institutions. The institutions themselves had heard of a possible deal after K.K. Birla's early overtures for the fertiliser unit at Kota. When Birla's pittance was discussed and discarded, the institutional directors suggested that Oswal may well be a buyer for the assets to be sold. Apparently none of the family members knew Oswal, but they then arranged to meet him (see box on Oswal).

Whatever the reasons and whatever the means by which the current restructuring is organised, one thing is certain — the cash starved derelict that DCM has become will suddenly be flush with funds. And then what? With the surplus left after meeting all liabilities, some members of the family would like to get into newer industries including businesses at the cutting edge of technology including bio-technology. If indications currently available are correct, this cash will not stray far. DCM's finance division officials say that the cash from a possible sale has already been earmarked for the textiles division which currently cannot even afford to buy cotton to keep the mills (which gave the company its name — Delhi Cloth Mills) open. Another part will go towards worker compensation if the land deal is cleared. All this under the eagle eye of the Board Management Committee which is afraid that even this fresh injection of funds could be frittered away by the feuding family.

As the money keeps rolling in and as the assets themselves shrink, DCM will go through the trauma of change once again. The heart-wrenching act of unit disposal will be severe for a company with an ageing management cadre, who have for too long lived in the cocoon that the Shri Rams had woven for themselves. This is the third such trauma for DCM — the first was when the gerontocracy of Bharat Ram and Charat Ram was replaced by the currently ruling triumvirate, the second when the triumvirate itself was bludgeoned by the institutions into accepting the board management committee's rule, and now the process of selling assets.

And yet, if all goes well, DCM could emerge a streamlined machine with cash in the kitty. Whether it becomes the high tech corp of the north or a pedestrian ghee-aur-chini Lala-corp cannot be known yet. Whether the battling brothers will pilot their own little boats or steer the helm of a more majestic vessel is not yet clear. But despite these uncertainties, one thing emerges quite clearly — once again DCM may well be showing the way for a whole new generation of corporate restructurers. Thanks to the fact that the institutions themselves are not contemplating the unthinkable in terms of changing the entire management of DCM, it is likely that the entire burden of reorganising and restructuring will be carried through by a few members of the family. Given family sensitivities, this is going to be painful and piecemeal but nevertheless vital. As the behemoth corporations of the past like DCM flounder on account of managerial incompetence nurtured by the security of size, new patterns of adjustment must necessarily emerge. Some companies may well survive this ordeal of adjustment. Finally, DCM is at least hoping to try.

■

DILIP CHERIAN

COSMO GROUP

Troubled but confident

With a relatively small turnover and capital base, the Cosmo group of companies has turned out higher profits than companies several times larger. But with competition in the BOPP film industry hotting up, and the market for soft ferrites uncertain, the future appears to be quite difficult.

It is for the entrepreneur to choose whether to enter a capital-intensive area with high turnover and relatively small margins or to go in for low turnover and small equity but high margins. Ashok Jaipuria, promoter of the two Cosmo group companies has clearly opted for the latter. Says he: "I believe in profit-oriented growth. There are many companies with a turnover exceeding Rs.500 crores that earn smaller profits than we do."

Both the Cosmo companies certainly live up to Jaipuria's credo. Take for instance Cosmo Films Ltd, which produces bi-axially oriented polypropylene (BOPP) films used for packaging. The company's gross margins on BOPP films were as high as 50 per cent in 1986 and 1987 (see table). And Cosmo Ferrites Ltd, a new company floated in 1986 to produce soft ferrites required by the electronics and telecom industries, expects to earn even more. "By 1990, profit margins in soft ferrites may be even higher than in BOPP films," says Jaipuria.

But margins on BOPP are getting squeezed and many experts fear that the ferrite market may not grow as projected. In fact, many Cosmo Film executives openly say that "the year 1988-89 will be a bad one for the company". Even Jaipuria is not too confident. "But," he avers, "if the BOPP industry makes a profit, we will earn the highest. And if it is in the doldrums, we will incur the lowest loss."

The apprehensions about BOPP arise out of a number of reasons. First, competition is hotting up within the BOPP market. The total installed capacity of BOPP is expected to treble by 1990 (see Box 1). There is a threat from other types of films too. A price war has already begun between polyester and BOPP films. Another problem is raw material prices. The international prices of polypropylene resins, the basic raw material for BOPP, have doubled, since September 1986, to $ 1,400 per tonne. Almost all the resins required are imported. And since these constitute around 30 per cent of the ex-factory price, the sharp increase in their cost has depressed profits of all BOPP manufacturers. "We did increase the selling price of our product by over 50 per cent during 1987. But today, it's not possible to do that and prices can only go down," says B.M. Vijay, president, Cosmo Films.

Vijay: developing new BOPP films to fight polyester

Jaipuria: unnerved by the competition

So, even though Jaipuria may not like it, the days of high margins are over. And to maintain leadership, Cosmo Films has no option but to go in for larger volumes. The company plans to capture about half of the BOPP market. A new 2,000 tpa plant was commissioned last April in technical collaboration with Brukner of West Germany. With a total capacity of 2,800 tonnes, Cosmo Films is now way ahead of its competitors, M.M. Rubber, M.P. United Polypropylene and Gujarat Propack, each having an 800 tpa plant. And it can also hope to compete favourably with the forthcoming entrants — A.K. Chauhan group and Kanoria Chemicals, each setting up a plant with an annual capacity of 3,000 tonnes.

Besides expansion, the company also plans to diversify into a higher-value-added product, electrical grade BOPP film. The price realisation and profit margins are higher for this grade of film. Currently, its price is Rs.125 per kg, against only Rs.75 for packaging films. Cosmo Films plans to set up a new 800 tpa plant at a cost of Rs.15 crores to manufacture this special film. (Jaipuria is also thinking of forming a new company to implement this project).

Financial highlights

(Rs lakhs)
Year ending December

	1983	1984	1985	1986	1987
SALES	195.48	297.64	442.72	707.59	859.53
GROSS PROFITS	121.75	96.56	135.91	174.13	215.26
INTEREST	13.00	12.92	11.13	19.89	31.72
DEPRECIATION	56.46	40.40	40.43	31.17	34.70
NET PROFITS	52.29	43.24	84.35	123.07	162.66

But even in the electrical-grade BOPP market, the only manufacturer, M.P. United Polypropylene Ltd, is facing a crisis. Capacity utilisation is only 30 per cent and it is forced to sell the film at a lower price. M.P. United complains that a large quantity of electrical grade film is currently being imported at a very low rate of duty. The electronics industry is allowed to import it at a concessional 40 per cent as compared with the steep 260 per cent levied for electrical uses. Thanks to this huge difference, a large quantity is imported ostensibly for use in the electronics industry and later diverted to other applications. According to a senior official of M.P. United, "Against the requirement of 10 tonnes of film for the electronics industry, as much as 200 tonnes was imported in 1987 at the concessional rate of duty."

But Jaipuria is not unnerved. "The fiscal policies of the government are never permanent. If we sell our product at the right price, this illegal practice will stop," he says. Cosmo's electrical grade film project is scheduled to go on stream by end-1990, by which time the demand is expected to multiply to 1,000 tonnes a year.

BOX 1

Filmy wars

In April this year, Garware Plastics and Polyester sold a 20-tonne consignment of polyester film at Rs.100 per kg (ex-factory), down by 9 per cent from its previous price of Rs.110 per kg. In an immediate reaction to this move, Cosmo Films slashed its price by 8 per cent to Rs.75 per kg. That was not the end of the price war between polyester and BOPP films. "We plan to further slash our prices by about 10 per cent after our financial year ends in June," says A. Pabbi, Garware Plastics' marketing manager, (northern region).

Strategic move. The price war initiated by Garware is a strategic move to capture a large share of the market. In the next few months, there is going to be a 250 per cent increase in the installed capacity of polyester films with Flowmore and Ester India entering the fray. Garware itself will double its annual capacity to 8,000 tpa in another year or so. And to add sting to the bite, BOPP film manufacturers are trying hard to eat into the market for packaged products using polyester film.

Certain types of wrapping, for instance for audio and video tapes, x-ray films, etc, are the exclusive preserve of polyester films. Similarly, certain BOPP application, such as cigarette wrapping, face no competition from polyester. But the major market for both these films is food packaging where an open war has been declared. Until now, only polyester-based laminates were used for packing tea, coffee, pan masalas, ready-to-eat food, etc. But BOPP manufacturers are now working hard to develop a pearl-lustre film and a metallised film (sprayed with aluminium powder) to pack food items and confectioneries.

Cosmo Films has already developed a double-layer BOPP film to pack tea, spices and even pan masala in pouches. The company is now test-marketing these pouches. But the polyester film producers and the converters (who actually buy the polyester and make the laminate) are confident that BOPP cannot make a dent in their market. "After all," says one producer, "polyester has some inherent qualities — reverse printing can be done on it, and it retains the aroma of the packaged material — which will force the user industry to opt for polyester laminates."

Intense rivalry. In the print lamination market too, there is intense rivalry. Until recently, this market had been totally controlled by BOPP. But, taking advantage of the better printability of polyesters, newcomers in this industry are attempting to wrest the market from BOPP. BOPP producers are now trying to develop a film with better printing quality. B.M. Vijay of Cosmo claims, "Our film with better printing quality has already been accepted well in the market."

Meanwhile, large capacity increases in BOPP are likely to lead to an intra-industry war. All existing manufacturers are planning to expand while Cosmo has already added 2,000 tonnes this year. Two newcomers — the A.K. Chauhan group and Kanoria Chemicals — are expected to enter with big capacities of 3,000 tonnes per annum each. Taking all this into consideration, Vijay's prediction that the price war will last only six months may well be wrong. Market sources say that the next three years will witness cut-throat competition, tough marketing decisions and ruthless price wars.

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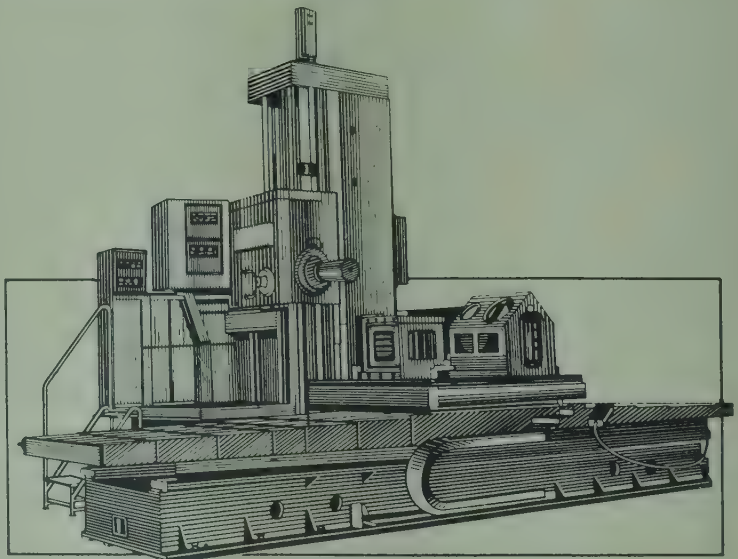

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Strojimport

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Even in the case of soft ferrites, the "wonder material" in electronics after silicon, prospects are uncertain. There is obviously a great potential for this material, but the industry is still very small in India (a little over Rs.6 crores in 1987). This is mainly due to the irregular growth of the main user — the television industry (see Box 2).

But the Cosmo Ferrites management thinks that enough demand can be generated through import substitution. For instance, Indian Telephone Industries imports about Rs.5 crores worth of soft ferrites every year. And nearly 40 per cent of the B&W television industry's requirement is also met by imports. So the company is trying to reduce raw material costs to improve marketability. At present, ferric oxide, the main raw material, is imported from Japan. "Since in Japan this oxide is made from steel, its price is high," explains S.S. Moni, president, Cosmo Ferrites. "We are setting up our own R&D centre and co-ordinating with the National Physical Laboratory to produce the oxide from iron ore which is

Different types of ferrite cores

BOX 2

Good potential for soft ferrites

"Even assuming that only one per cent of the Indian population will buy a B&W TV set every year, the annual demand for such sets will be over 10 million by 1990," says I. Sachdeva, sales manager, Cosmo Ferrites. "In that case, B&W TV sets alone will consume over 2,000 tonnes of soft ferrites."

Others are not so optimistic. The Electronics Components Industry Association (ELCINA) estimates demand for all kinds of soft ferrites at around 2,000 tonnes by 1992. "The consumption of soft ferrites in TV sets, assuming 315 gms per set should be around 1,800 tonnes by 1992," says V.K. Gupta, technical secretary, ELCINA. Even this estimate may turn out to be too optimistic. With competition fierce and prices tumbling, TV manufacturers are making concerted efforts to get cheaper components and go in for lighter (by weight) soft ferrite components. Admits Sachdeva, "A year or two ago, nearly 400 grams of U-cores and yoke rings used to go into a B&W TV set. Today the figure is down to 300 gms." Industry watchers expect the weight of soft ferrite items in television sets to come down further to 200 grams by the end of 1988. This trend will continue in the future too. At the same time, soft ferrite producers cannot reduce their prices below certain limits. This is because no Indian manufacturer can hope to achieve the economies of scale prevalent in western countries where the minimum plant size is 10,000 tonnes compared to 500 tonnes in India.

Irregular growth. Another problem facing the ferrite industry is that the TV industry has grown irregularly in the last five years. This has turned demand estimates and production targets meaningless. "When there is an abundance of deflection equipment, there is a shortage of picture tubes and vice versa," says an expert explaining the reasons for the irregular growth. Going by the present state of affairs, this erratic growth is likely to continue. Soft ferrite producers also fear the powerful import lobby among the component manufacturers. Even today, producers of deflection equipment (who use yoke rings) prefer imports to domestic products. This is also the case with U-cores. Cosmo Ferrites and the other three manufacturers of soft ferrites — Hilversum, Central Electronics Ltd and Morris Electronics — have initiated talks with the Department of Electronics (DoE) to restrict imports of the commonly used yoke rings and U-cores.

Despite all these problems, the Cosmo management remains optimistic. It believes that a potential for growth exists and that there are profitable areas yet to be tapped. The telecom industry , for example, is virtually, unexplored. Both Cosmo and Hilversum have submitted samples to the Indian Telephone Industries and have got an interim approval. Other industries such as fluorescent lamps (electric ballasts), inverters, etc can also be tapped.

"Even with a reduction in weight, the demand will grow in terms of numbers. As soft ferrites are introduced in shift mode power supplies (SMPS), imagine the consumption," says Sachdeva. Adds S.S. Moni, president, Cosmo Ferrites, "By maintaining quality and keeping the prices of our products on par with international prices, we will compel the government to put a stop to imports. Today our price is lower than the landed cost of imported ferrites. And if we successfully manage to utilise Indian iron oxide, we can surely compete internationally."

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abundant in India." Adds I. Sachdeva, sales manager, "The price difference between the oxide made in India and that available in Japan would be about Rs.34 per kg."

The company also proposes to go in for the manufacture of higher value "pot cores" used in switching systems. These weigh about two grams each and fetch a price of Rs.4 lakhs per tonne, compared with a maximum of Rs.1.5 lakhs for the conventional cores.

Exports is another area being keenly explored. "We have already received an order for 10,000 pairs of SMPS (shift mode power supplies) from a party in Singapore," says Moni. The management believes that if the breakthrough in extracting ferric oxide from iron ore is achieved, the price of the Indian product will be lower than that in the international market. Moni also feels that the company can sell an intermediate product — granulates — in the domestic market. "At present, many domestic producers of soft ferrites are importing granulates. We can sell both because we manufacture both these materials at our plant," he says.

Not surprisingly, Cosmo Ferrites has decided to double its capacity to 1,000 tpa by next year. This will make it the largest manufacturer of soft ferrites in the country. But, for the present, the company is trying to attain its full capacity of 300,000 pairs a month. The management admits that profits will come only in 1990. The company incurred a loss of Rs.97 lakhs during 1987 and hopes to break even only by end 1989.

The collaborator's ferrite plant

One thing is clear. Even though the going will be tough for the Cosmo companies in the next two to three years, the strategic decision to float small equity based companies appears to have paid off. Shareholders of Cosmo Films have been well rewarded. (There are allegations though that Jaipuria's control of 60 per cent (now 40 per cent) of the company's equity enables him to influence the share price. Jaipuria of course denies having ever dabbled in his own company's shares).

For the time being all eyes are on Jaipuria whose leadership and vision are vital to the group's efforts to tide over current uncertainties. ■

ALAM SRINIVAS

Moni: "we will compel government to stop soft ferrite imports"

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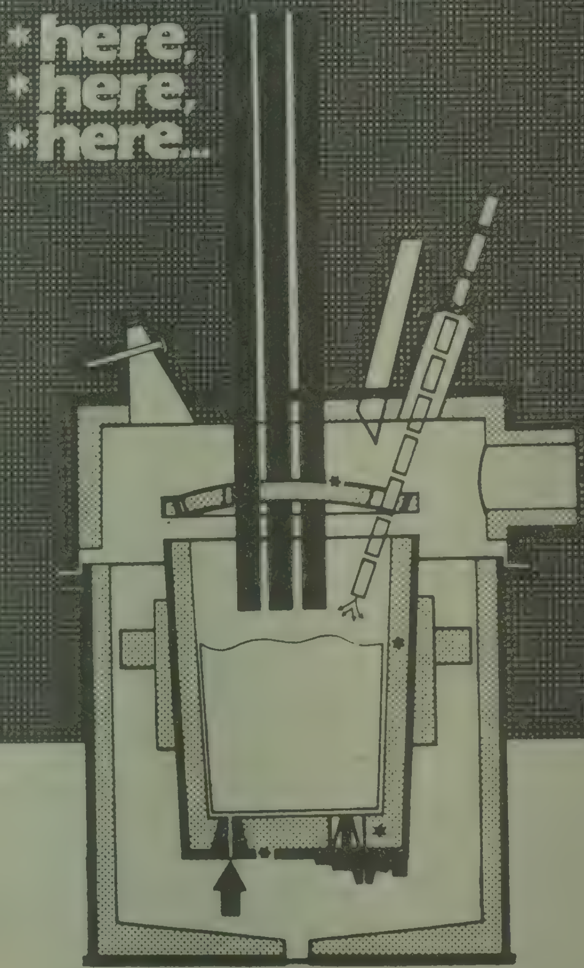

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BENGAL LAMPS

An uncertain light

Though an ailing company, Bengal Lamps would make an attractive acquisition. And Kishore Chhabria is taking a dim view of the Roy brothers having second thoughts about selling the company to him

Do MOUs (memorandum of understanding) have legal validity? At least in this country, the answer is debatable. Take the experience of the Chhabrias and their group of companies.

Two MOUs signed for friendly takeovers in 1987 have not improved their corporate tally in India. In mid-1987, the MOU signed with brothers Badri and Sunder (sons of founder N. Krishnan) for a transfer of a large block of shares in International Instruments, Bangalore, fell through. When the block eventually went to the Mahindras in Bombay, the Chhabrias slapped on a suit against the two brothers.

Hard on its heels another MOU signed in September 1987 with the Roy brothers, Tapan and Tapas, who run the Calcutta-based Bengal Lamps, has turned sour.

The terms of the second MOU — which was signed last year on 7 September, between the Roy brothers and Shaw Wallace subsidiaries Terpur Tea Co, Pangaras Investment Ltd, and Indian Yeast Co — stated that the Roys would initially sell 31.2 per cent of the equity stake in the Rs.20-crore Bengal Lamps directly to the Chhabrias on a spot delivery basis, to be followed by the sale of an additional 25 per cent equity shares. Also, 93 per cent shares of Belrex India Limited, a distribution agency which has a 20 per cent stake in Bengal Lamps would be sold to the Chhabrias. In effect this would mean the sale of 76 per cent equity shares in Bengal Lamps at an agreed price of Rs.9.65 crores. The break-up was: Rs.5 crores for the real estate (which is reportedly grossly undervalued at a little over Rs.2 crores in the company's balance sheets) and Rs.4.65 crores for the equity stake.

Interestingly, the Roy brothers, who have signed the MOU personally have only a 9 per cent stake in the company, with 47 per cent held by family members and associates and the balance by financial institutions and the public. In which case, how can there be a MOU between the Roy brothers and the Chhabrias?

Logically, the next step should have been the transfer of the company to the Chhabrias. Why it did not take place is not clear. The conflict appears to have arisen due to the Chhabrias refusing to pay more than Rs.7 crores for the company, despite the agreed price being at Rs.9.65 crores, say the Roys. Kishore Chhabria, managing director, Shaw Wallace, on the other hand, claims that the company was not worth more than Rs.7 crores; there were several accounting anomalies, he says, and some valuable machinery was sold off by the management. He alleges that the Roys have been systematically siphoning funds and assets from the company after the MOU was signed. Moreover, he adds, the Roys had later agreed to the price of Rs.7 crores, which however remained a "gentleman's agreement" with nothing in writing.

Tapan Roy, however, makes it clear that the Chhabrias' later offer of Rs.7 crores is quite unacceptable, and moreover there can be no question of doing business with them (the Chhabrias) after such blatant "breach of faith (when they went back on the agreed price). Roy points out that the decision to disinvest in the company was taken following his brother Tapas's serious illness which required expensive medical treatment. This decision, he adds, was taken despite stiff opposition from other family members who were against selling out. "Now that the Chhabrias have revealed their true colours, there is no question of going ahead with the deal. In any case the MOU was valid for 14 weeks — the period during which we had to deliver the shares," says Roy.

Not one to be sidetracked so easily, Kishore Chhabria, armed with the MOU, took the Roys to court (at the end of March) allegedly for "refusing to honour their commitment". He succeeded in obtaining a stay order restraining the company's management from holding the proposed EGM to clear a rights issue of Rs.30 lakhs. The court order also restrained the Roy brothers from exercising their voting rights.

Chhabria's interest in the company is easily understood. An ailing company with an excellent market reputation, specially in terms of product quality, and with valuable real estate holdings, Benga Lamps is an attractive proposition fo any prospective takeover tycoon.

Set up during the thirties, Benga Lamps was the country's first manufac turer of electrical bulbs and lamps. Fo several years it remained a market leade with a wide distribution network an

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Bengal Lamps products were once leading the market

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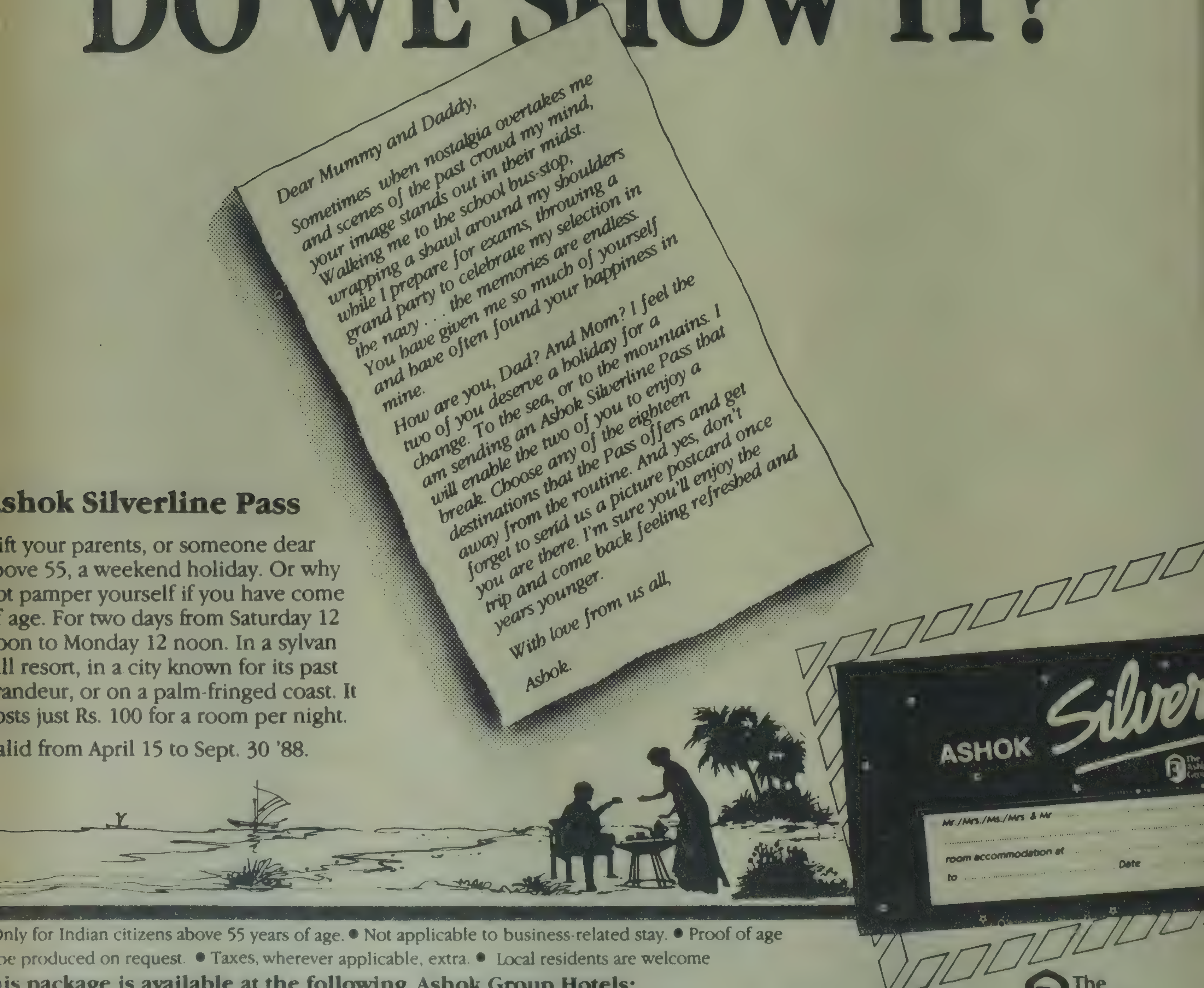

Dear Mummy and Daddy,

Sometimes when nostalgia overtakes me and scenes of the past crowd my mind, your image stands out in their midst. Walking me to the school bus-stop, wrapping a shawl around my shoulders while I prepare for exams, throwing a grand party to celebrate my selection in the navy . . . the memories are endless. You have given me so much of yourself and have often found your happiness in mine.

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BENGAL LAMPS
Al Bengal Lamps

The Jadavpur factory: labour problems for long

several regional offices. Later, when giants such as Philips and GEC entered the market, the company dropped to second place with a market share of 25 per cent.

The management takes pride in the fact that whereas the major companies manufacturing and marketing incandescent and fluorescent lamps in India have foreign collaborations, Philips, GEC, Sylvania-Laxman, Toshiba Anand, to name a few, Bengal Lamps — in the true swadeshi spirit in which it was conceived — continued to function independently using indigenous technical knowhow.

The company, however, has had several bad patches, especially during the late sixties and early seventies when it had to bear the brunt of militant trade unionism. Later in the seventies, the company remained stable with a consistent growth in turnover and profits (which increased from Rs.40.5 lakhs to Rs.11 crores, and Rs.1.3 lakhs to Rs.7.6 lakhs respectively between 1973 and 1977). Today, despite a Rs.20-crore turnover, its performance is on the decline, mainly due to its inability to face competition from a number of bulb manufacturing companies, mainly in the small-scale sector.

During the last financial year, the company registered losses of Rs.39.81 lakhs as against the previous year's loss of Rs.8.39 lakhs — resulting in accumulated losses of Rs.48.63 lakhs. The reason behind the losses, according to the management, is competition. With new entrants in the lamp manufacturing industry and expansion of a number of existing old units, the company had no choice but to reduce its prices. This resulted in a fall in turnover of over a crore of rupees over the previous year, thereby affecting profitability as well. At the same time, it had to contend with high overheads and operating costs which are going up by 10 per cent annually, according to Roy.

The company's main problem, according to the management, is the Calcutta unit, which has been losing money since 1978, mainly due to labour problems. The unit which today has 1,050 workers, has a long history of labour problems, explains Roy. From the time he took over as managing director in 1965-66, the unit has had five lockouts.

The other unit at Bangalore on the other hand is doing well operating at 80 per cent capacity and making profits, which are being pumped into the Calcutta unit. "I have been trying my best to revive it," says Roy, who in the seventies spent Rs.2.5 crores for modernisation.

A positive fallout of the recent developments is that interest in running the company has revived. The management is planning major expansion and diversification schemes with a total outlay of Rs.30 crores. One of them is a 100 per cent export-oriented glass factory for the manufacture of 300 million units of glass shells and glassware costing Rs.10 crores. Likely collaborators are Glass Bulbs of the UK or Corning of the US, with equity of 25 per cent. Another 40 per cent is likely to be held by an NRI, rumoured to be a family member. The plant is being set up in Andhra Pradesh and will use natural gas from the Godavari basin. Glass shells and glassware have a good export potential.

In addition the Roys are also planning a Rs.6-crore bulb factory in Nepal. "The prime attraction is that no unions are allowed there," jokes Roy. Closer home there is a plan to invest Rs.11 crores in realty on property that the Roys own.

Meanwhile, the company is planning to expand its existing unit in Calcutta from the present 12 million units a year to 20 million units using new technology. For this, it is likely that the company might tie up with Badalex, UK.

The company has initiated measures to cope with competition. An agreement with Hyderabad Lamps, under which Bengal Lamps would provide 10 lakh GLS bulbs to Hyderabad Lamps every month, and acquire from Hyderabad Lamps one lakh fluorescent lamps every month on a quid pro quo basis is being worked out.

In view of the present glut in the market, escalating production costs and a lowering in unit price realisation, competitors say that Bengal Lamps will have its work cut out for it, especially if faced with a sticky labour situation. Trade union leaders, both at the factory at Jadavpur and the head office at Fairlie Place, are up in arms against what they perceive as the management's "unethical" practices. Spokesmen of the company's Employees' Association allege that earlier there was no problem between union and management. It all started, according to Bani Shankar Majumdar, president of the association when (in early March this year) the management started removing files, papers and even furniture out of the corporate head quarters, without any explanation. The employees also complain about various irregularities — especially financial — which they allege, has resulted in losses of Rs.3 to Rs.4 crores. Bengal Lamps, they claim, has around Rs.5 crores of unrealised overdue debts. The debts are mostly in the form of arrears owed to the company by its own distribution agencies — also controlled by the members of the Roy family. Relations between management and employees have been so strained that the latter are actually waiting for the entry of Chhabria or any other buyer in the hope that the company may take a turn for the better.

Meanwhile the Roys are gearing up for the MOU case, which is expected to come up for hearing again in the second week of July. The Roys appear confident about the final outcome. As Tapan Roy says, "The MOU was provisional in nature. It was more of an understanding to go in for an understanding and as such not enforceable upon any party." Till such time as the issue is decided, the Roys appear to have the last word.

■ MADHUMITA BOSE

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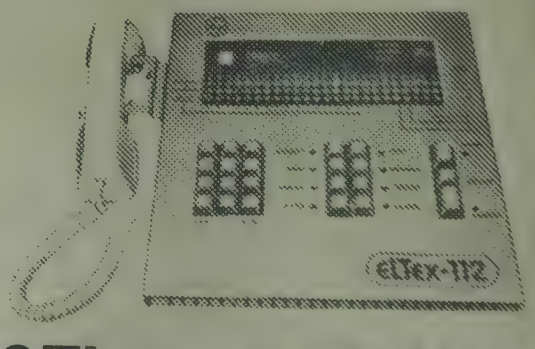

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NIRLON SYNTHETIC FIBRES & CHEMICALS

Long haul for the new guard

A new management, fresh releases of funds and a stiff dose of financial discipline may help pull the ailing Nirlon Synthetic Fibres & Chemicals out of the trough it's landed in since 1986. But the burden of past losses, both declared and window-dressed, make the revival process difficult and painful

Few annual general meetings of companies have seen the kind of fireworks as that of Nirlon Synthetic Fibres & Chemicals Ltd. held last fortnight in Bombay. Irate shareholders, debenture-holders and fixed deposit holders of this loss-ridden nylon, polyester, tyrecord and belting manufacturer hurled allegations of mismanagement siphoning out of funds, and demanded that the guilty be brought to book. The new chairman M.R.B. Punja (who earlier headed the Industrial Development Bank of India (IDBI) which is now leading the revival process), tried to placate them, but with little success. Holding out hopes of a return to normalcy (without indicating when), he implored them to "bury the past" and "look to the future with optimism". But it didn't help much in cooling tempers.

The appointment of Punja as a nominee of the Unit Trust of India, as well as of three other directors — C.B. Phadnis from the State Bank of India (SBI) as finance director, P.M. Venkatasubramanian from the General Insurance Corporation of India (GIC), and D.K. Parikh from the Industrial Credit and Investment Corporation of India (ICICI) — in May this year marked the first decisive step towards the rehabilitation of the company ever since Nirlon skid off the road nearly two years ago. Then, on 1 July, the board was further strengthened with the induction of T.M. Nagarajan, a nominee of the IDBI. This major reshuffling is part of an interim rehabilitation plan worked out by the IDBI, the operating lead agency appointed by the Board for Industrial and Financial Reconstruction (BIFR), which began to look into the company's travails since last October.

It may be recalled that the fortunes of this once-profitable company took a turn for the worse from the last quarter of 1984-85 (financial year ended September), when the sales realisations for the company's polyester filament yarn, nylon filament yarn, and nylon tyrecord dipped thanks to depressed market conditions and a spurt in raw material costs. But what gave the company a knock-out was that all this happened at a time when the company had gone in for massive investments of over Rs.100 crores in its nylon tyrecord and polyester yarn business. It borrowed more than Rs.130 crores. Result: the high interest and depreciation could not be borne by falling margins. Also mismatches in the funding of such investments — the use of short-term borrowings to finance the creation of long-term assets — exacerbated the problem.

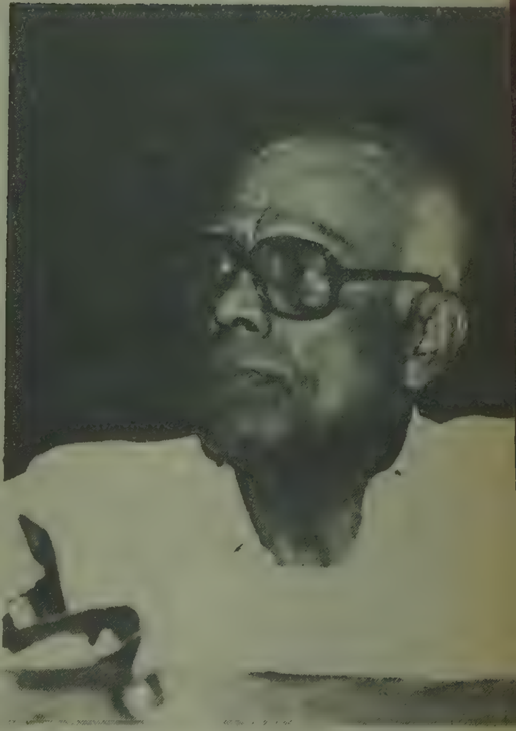
As Punja admitted last fortnight: "During the last five years the company made capital investments of over Rs. 100 crores, the benefit of which is yet to be derived fully. Interest burdens and depreciation provisions, as a percentage to total turnover increased from less than 12 per cent in 1984-85 to as much as 37 per cent in 1986-87." Not surprisingly, the company's losses doubled from over Rs. 20 crores i 1985-86 on a turnover of Rs. 184 crores t a whopping Rs. 43 crores last year, eve while sales shrunk to Rs.102 crores.

Nirlon: In an abyss

(Rs crores)

Year ended 30 Sept	1986	1987	Per cent change
SALES	174.62	102.18	- 41.5
OTHER INCOME	10.98*	1.32	—
OPERATING PROFIT/(LOSS)	9.54	(7.09)	174.3
INTEREST	24.72	26.01	
CASH LOSS	(15.18)	(33.10)	
DEPRECIATION	5.26	9.64	
PROFIT/(LOSS)	(20.43)	(42.74)	109.2
BORROWINGS	124.16	156.45	26.0
GROSS BLOCK	147.64	182.09	—
CURRENT ASSETS	91.34	49.38	45.9

includes profits of Rs.8.75 crores on sale of assets and spares.



Punja: "bury the past"

The losses in 1985-86 caught the Nirlon's bankers napping. They now went to the other extreme: the company was deprived of normal working capita funds. The ICICI then stepped in an along with the company's trouble bankers, tried to put together a rehabilitation package. Proposals from various industrial houses to take over the company's polyester and tyrecord plants were also evaluated. But it was only since last February, when the government took the controversial decision to replace the ICICI with the IDBI as the lead operating agency, that things really began to move

What makes the new management's task onerous is not just the declared losses of Rs.63.17 crores over the past tw years, but also the burden of hidde losses and liabilites. The company has not made adequate provision in respect of estimated excise liabilities, depreciation, gratuity, doubtful debts, loans an advances, and interest, together amounting to Rs.27.6 crores. Several other claim made against the company, aggregatin Rs.12.6 crores, are disputed, and not provided for. Sources within the company sa that the new management, made up as i is of nominees from financial institution may not approve of any window-dressin in future

But what is more important is that th new guard has wangled interim release of funds from the banks and financia

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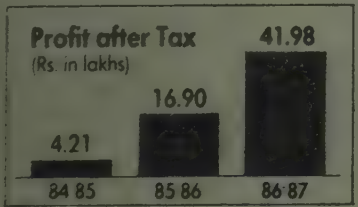


2 ENVIABLE CLIENTELE

Zenith's strength lies in it's clientele. With over 2500 installations of mini/micro computers in the country today, Zenith's success in its new projects is assured. The list includes: the Ministry of Defence, Hindustan Lever, Colgate Palmolive, Rallis, Reliance Industries, Raymonds, MTNL, ONGC, ECIL, Voltas, ITC, SAIL, Lipton, Mukand Iron and Steel, Hindalco, Glaxo, Parles, Brooke Bond, BHEL, Universities and Schools and many more are on their way.

In the field of computerised banking Zenith's performance has been truly impressive. It's client roster includes banks like Citibank, Grindlays Bank American Express, ICICI, IDBI, GIIC, EXIM and other financial institutions along with a host of nationalised banks.

3 NEW PROJECTS

CAD/CAM, Artificial Intelligence Computers and Wide Area Networking are the new fields that the company has ventured into. These products of "tomorrow" with "sky's the limit" potential form a vital part of Zenith's exciting future. Sales from these new projects has already shot past that Rs.1 crore mark.

4 INTERNATIONAL TIE-UPS

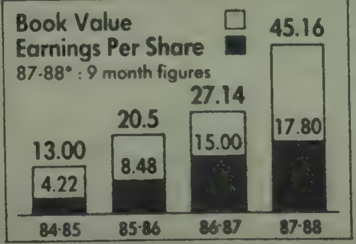
The company's solidity is further enhanced by its association with top blue chip American Companies. They are the 6 billion dollar giant, Texas Instruments, Novell inc., the world No. 1 in LAN, Cromemco, manufacturers of the Motorola 68000 based processor and Eikon Tech, world leaders in Modem and Data Communications.

HIGHLIGHTS

- A well established profit-making dividend paying company with an excellent track record of growth in the last 3 years.
- An increase of turnover by 200% in the last two years. Sales from Rs.3.43 crores (1984-85) to Rs.10.35 crores
- An increase of profit (after tax) by 900%.
- Dividend maintained at 20% for the last two years and the same is assured for the current year.
- Present Earnings per Rs.10/- Share (EPS) is Rs.17.80.
- Present Book Value is Rs.45/- per Share.
- Has number of tie-ups in India with blue chip American Companies who are renowned manufacturers of mini/micro computer systems.
- The company has a number of firsts to its credit.
- Now diversifying into high growth potential products like CAD/CAM, Artificial Intelligence Computers and Wide Area Network.
- Country-wide marketing and servicing networks.
- Listing at Ahmedabad, Bombay and Delhi Stock Exchanges.

5 TOP VALUE FOR MONEY

Zenith Computers Limited is an existing dividend paying company. The 20% dividend that the company has maintained for the last 2 years is assured even for the current year. The present Book Value is Rs.45/- and the E.P.S. is Rs.17.80. The Graph below shows you the consistently rising trend.



6 HOT PROMISE

Zenith's success is sure. Not only because of it's international support, but also because of Zenith's enviable list of existing blue chip clientele. Organisational prowess and marketing muscle are Zenith's inherent strengths. The infrastructure of 10 branches in various important cities of India adds to the solidity of the company.

Thus, their directors have every reason to believe that the company will further improve it's profitability. They are also confident that the company will continue to be in a position to pay dividends, even on the enhanced capital.

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ISSUE OPENS 28TH JULY, 1988

ZENITH-SIMPLY OUTSTANDING

Onerous task ahead: (From right) Phadnis, Bhagat, Punja and Sagar at the AGM

institutions. The IDBI has sanctioned assistance of up to Rs. 4 crores, of which Rs.25 lakhs has already been drawn, and the rest is due to be utilised by the end of this month. The SBI has extended further assistance of over Rs. 12 crores by way of letters of credit (for imports of much-needed spares and raw materials), guarantee limits and bill discounting facilities. Another Rs. 3.56 crores of cash credit has been sanctioned by the company's bankers, with Reserve Bank approval.

All this has helped the company improve production at its plants — the average capacity utilisation is now in the region of 65 per cent, with tyrecord registering over 135 per cent utilisation. Punja indicated at last fortnight's AGM that by August end, the company will be able to achieve full capacity production. By which time, the company's monthly turnover, currently below Rs.9 crores, should improve to Rs. 12 to 13 crores.

Highly-placed officials of the company, who did not want to be identified, say that the turnover by 31 March, 1989 (the accounting year has been extended to 18 months) should touch at least Rs. 120 crores, yielding an operating profit (before interest and depreciation) of Rs. 15 crores. But with the likely interest burden of Rs. 30 crores, the cash loss will still be around Rs.15 crores. And after depreciation of Rs. 12 crores the net loss will swell to Rs. 27 crores. It is, however, believed that the company, in a more optimistic scenario presented to its bankers late last year, had estimated an operating profit of over Rs. 15 crores in just nine months' time. Reportedly, this did not cut much ice with the bankers. Punja estimates that in a full year's production at maximum capacity, the company should be able to generate sales of Rs.180 to 200 crores. "The company is sound, and the plants are in very good condition," he says. "When we achieve full production, it will be the beginning of the turnaround of this company."

Even as Punja hopes to be able to achieve full production by August this year, he is pushing for the extension of the "relief undertaking" status accorded to Nirlon by the Government of Maharashtra under the Bombay Relief Undertakings (Special Provisions) Act, 1985 beyond 21 July, when it is due to expire. This will insulate the company from creditors who may otherwise go to court. The company is also trying to get a total write-off of interest dues upto 30 September 1987, conversion of term liabilities into zero-rated bonds and soft loans. Additional funding of about Rs.50 crores, is also being sought.

Even as the company's board is hopeful of paying *current* interest to debentureholders by January next, shareholders will have to wait it out much longer. "It will be appreciated that return on capital in such a scheme of things normally takes the last priority," said Punja, "and unless the company reaches the stage of doing away with all the concessions and reliefs, it is difficult to think in terms of servicing the capital."

If all these props are to be done away with, basic changes in Nirlon's style of functioning are also needed. There is some indication that the new guard is considering internal change seriously. It is reliably learnt that the company's two managing directors — Virenchee Sagar and Manhar Bhagat — may be asked to step down and take up non-executive positions at a crucial meeting of institutions and banks, to be held on 14 July. Financial discipline within the company is being strictly imposed, with finance director Phadnis personally scrutinising every expense. Company insiders reveal that even petty cash vouchers are cleared by him as departmental heads have been stripped of their expense authorisation powers. As the old adage goes, if you take care of the pennies, the pounds will take care of themselves.

■

SHANKAR P

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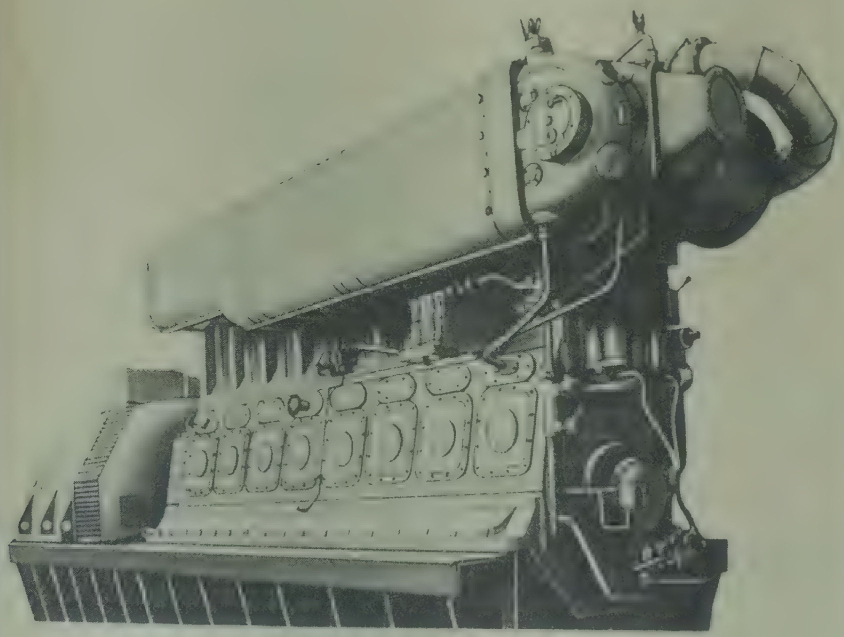

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COROMANDEL FERTILISERS

Takers all around

EID Parry has increased its holding in Coromandel Fertilisers. The Hindujas and Muthiah of SPIC are reportedly interested in the company too

In the midst of the euphoria of its bicentennial celebrations, the management of EID Parry was surprised when a leading financial daily reported that the company was making a determined bid to gain control of the Hyderabad-based Coromandel Fertilisers Ltd, manufacturer of complex fertilisers and cement. The much-irritated management had barely clarified its position, when along came another shock. Another financial daily carried a story that the Hindujas had signed a memorandum of understanding with Parry's foreign collaborators for the purchase of its entire holdings (about 44.5 per cent) in Coromandel. This was quickly denied by both the Hindujas and a spokesman of CFL.

The Rs.180-crore Coromandel Fertilisers is drawing a lot of attention from corporate raiders, denials notwithstanding. For two reasons: firstly the fact that it manufactures two basic products which will never be allowed to fail by the government, and secondly, its peculiar shareholding pattern.

Coromandel Fertilisers was promoted in 1961 by the Chevron Chemical Company and International Minerals and Chemical Corporation (IMC), both of the US, and EID Parry, as a private limited company. It was converted into a public limited company in 1964 when the Andhra Pradesh government picked up some shares. Later the AP government transferred its shares to Andhra Pradesh Industrial Development Corporation (APIDC). Till the APIDC decided to shed its shareholding in the company, its holding pattern was roughly as follows.

The foreign collaborators held about 44.5 per cent of the company's equity; financial institutions and banks, including APIDC, 39.5 per cent; the other corporate bodies, including Parry, 8.48 per cent; and directors and relatives, 0.01 per cent. The remaining 7.49 per cent was held by about 5,100 members of the investing public.

EID Parry has been a major distributor of the company's fertilisers from the very beginning. (The other distributor is Rallis.) Coromandel's fertilisers account for almost 50 per cent of the Parry fertiliser division's turnover. Also, Parry has always had its representatives on the Coromandel board. Till recently it was a board-managed company and Parry was a member of the management committee.

With such a relationship it was but natural that Parry would be interested in picking up the APIDC shares when the corporation wanted to disinvest. There was an unwritten promoters' understanding that Parry would be offered the shares first. About three-and-a-half years ago, APIDC sold one per cent of its holdings in Coromandel to Parry at the then prevailing price. At that stage, Parry was not in a position to buy the rest of the APIDC-held shares. Apparently, discussions about the transfer of the rest of the shares, from APIDC to Parry, started in September last year.

At this point it is alleged that another fertiliser company which was interested in acquiring control put in its bid through Grindlays Bank, which was handling many APIDC portfolios. As a result, the price of the share, of the face value of Rs.10, shot upto Rs.40.

According to Parry sources, APIDC insisted that Parry, as a co-promoter, could pick up the rest of the shares only at the price offered by others. Parry agreed and a memorandum of understanding was signed recently with APIDC whereby its entire block of shares would be sold to Parry at a price of Rs.45 per share. The amount, Rs.8 to 9 crores in all, is payable in three instalments.

The controversy arose because the newspaper report implied firstly, that the financial institutions which have a stake in Coromandel — like Industrial Finance Corporation (IFC) and the IDBI — had transferred their holdings to Parry at a price considerably lower than the Rs.45 agreed upon with the APIDC, and secondly, that Parry had made overtures to the American shareholders to acquire their holdings. According to Parry sources, this is far from the truth. They maintain that following press reports that the IFC was selling its shares in Coromandel in small lots in the market, Parry had picked up these shares through brokers at a price of Rs.27 when the market price was between Rs.20 and Rs.21. And this deal was concluded before the memorandum was signed between Parry and APIDC.

Parry now holds between 16 and 17 pe cent in Coromandel. Company sources deny that it wants control of CFL. They point out that the Parry management has a good understanding with the American promoter. If and when they decide to offload their shares, they will be first offered to Parry. "Therefore," say Parry sources, "there is no need to make any overtures to the Americans."

In many ways Coromandel Fertilisers would be a good acquisition for those on the lookout for takeovers. It would cost no less than Rs.500 crores to put up a new fertiliser or cement plant at today's costs. Barring the last two years, the company has done consistently well. Says a fertiliser industry source, "As far as the fertiliser operations are concerned, it has been a very well managed company. Although it is not a very large plant, it has the sound technology of an earlier era." In the last 14 years it has maintained a good dividend record. However, the company has been facing problems due to the performance of the cement plant. In 1982 the company decided to diversify into cement and put up a one million tonne cement plant at Chilamkur in Andhra Pradesh. The company was cash rich then.

The cement plant has faced a lot of problems, right since it went into production in 1984, and has performed below capacity. Besides its technical problems, it has had to face the power cuts enforced in the state. As a result, Coromandel made a loss of Rs.13 crores on a turnover of Rs.180 crores for the year ending March 1987. The current year's results have not been announced yet, but they are not expected to be good. However, in corporate circles, it is felt that the company's full potential has not yet been realised.

As for the corporate raider who tried to acquire the APIDC block of shares, all indications are that it was the fertiliser giant SPIC. Sources at SPIC deny this, of course, but they do not deny that they have an interest in the company. And if it is any indication, A.C.Muthiah of SPIC had said in an earlier interview with *Business India* that he did not consider takeover to be "a bad word".

In the Indian corporate world denials do not mean anything final. As such, more action and denials over Coromandel Fertilisers in the next few months should not really surprise anyone.

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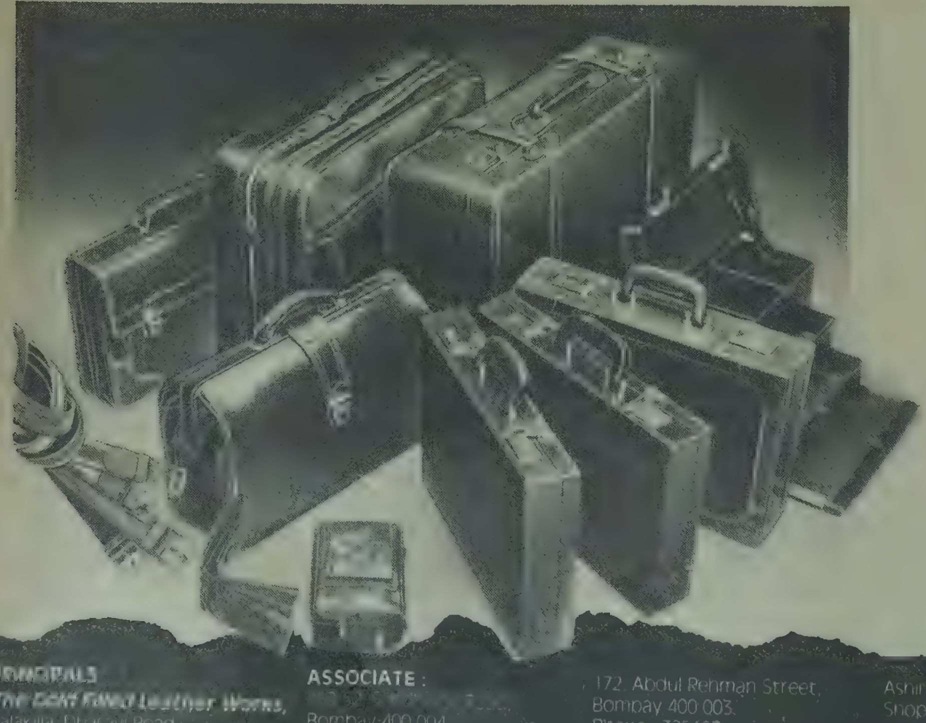

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Vast scope for conservation

Indian industry to date has made no significant effort to conserve energy. This is in spite of the fact that industry accounts for 54 per cent of the total commercial energy used in India. Industry has not found it really necessary to invest in cost saving devices because the majority of companies have been operating in a protected market. However, since 1985, when the process of liberalisation was initiated, competition within industry has become more intense and companies are finding it increasingly difficult to maintain margins. So, it is imperative that conservation measures are introduced quickly to save energy, especially for those companies for which energy is a significant variable of cost. With a view to encouraging the conservation in industry, the Industrial Development Bank of India (IDBI) has launched two schemes of financial assistance to industrial units which have been in operation for a minimum period of five years.

The first scheme, known as the energy audit subsidy scheme (EAS), will subsidise the cost of preparation of preliminary and detailed energy audits by approved energy consultants such as the National Productivity Council, Petroleum Conservation and Research Association and the Technical Consultancy Organisations among others to the extent of 50 per cent of the cost. The limit on subsidy will be up to Rs.10,000 for preliminary audits and Rs.1 lakh for detailed energy audits.

The second scheme, called equipment finance for energy conservation (EFEC), will give term loans for the purchase of equipment. A novel feature of the scheme is that interest on the loans granted for installation of energy conservation equipment would enjoy a rebate linked to the extent of energy saving actually achieved in relation to a standard laid down for the industry. This is subject to a floor level of interest at 10 per cent per annum, the base rate being 14 per cent.

The schemes are certainly overdue, but why were they not implemented earlier? C.S. Pani, technical adviser to IDBI explains, "We already have a modernisation assistance scheme, which has been in operation since November 1976, for providing aid to units in all industries for upgradation of technology, export orientation, import substitution, energy saving, anti-pollution measures etc. But unfortunately there were very few takers for energy saving because the emphasis was mainly on production." Also, there have been a number of studies undertaken by the financial institutions on energy conservation in the glass, paper and caustic soda industries. The schemes themselves have been well received by industry. "There has been an enthusiastic response and a lot of enquiries from different sectors of industry," says Pani.

However, there could be a few modifications which could make the schemes even more attractive. Says C.K. Mehta, chairman and managing director of Deepak Fertilisers and Petrochemicals Corporation Ltd, "The maximum amount of Rs.1 lakh stipulated for energy audits is very little. Deepak Fertilisers, which is a medium sized company, recently spent as much as Rs.10 lakhs on an energy audit."

It is also felt in industry circles that the repayment period of five years is a bit restrictive. Mehta explains, "As there is a moratorium of two years on loan repayment, in effect it means that the loan should be paid back in three years. Even though in normal circumstances three years is a sufficient period, in India industry is beset with so many extraneous problems that curtail production, that to be on the safe side a seven year repayment period would be more appropriate."

However, the 10:1 debt to equity ratio kept by IDBI is appreciated by all who have studied the scheme. This would mean that on a Rs.5 crore investment the company would have to contribute only Rs.50 lakhs. This, according to Anand Mahindra, executive director (commercial) of Mahindra Ugine Steel Company Ltd, will benefit sick or marginal units because the usual lending norm is 20 per cent.

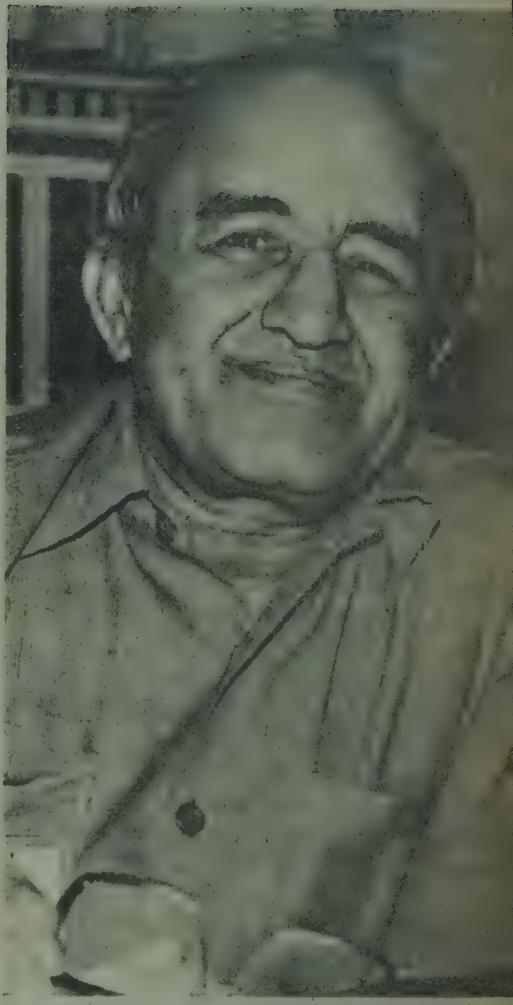
The scheme for energy conservation has not come a day too soon. This is because the annual rate of growth of consumption of commercial energy declined from 7.2 per cent in 1953-71 to 4.7 per cent in 1971-79. But ironically in the period 1980-85 when energy prices were increasing rapidly energy consumption increased at the rate of 5.9 per cent. This was lower than the world rate which was about 7 per cent during 1979-84. However, the significant fact is that while world rate consumption declined from 12 per cent during 1973-78 to 7 per cent, India increased its consumption rate.

At current rates of consumption, proven resources of oil and natural gas will last for about 20 to 35 years, whil
coal should last for nearly 360 year
Therefore, logically we should shift t
coal. But if one compares consumptio
trends of 1973 and 1985, consumption o
oil has hardly charged while that o
natural gas has doubled, and coal consumption has declined. For the world
dependence on oil as a source of energ
declined from 41 per cent to 35 per cen
during the period 1973-84.

Besides energy productivity has show
a declining trend in India. This is reflected in the rising ratio of energy inpu
to GNP at constant prices, which recorded a 37 per cent rise during 1970-7
while it declined by 15 to 35 per cent i
Western Europe, the US and Japan.

Nevertheless, the potential for energ
conservation in Indian industry is enormous — it is estimated that the conservation potential is about 25 per cent.
study has shown that an investment o
about Rs.3,600 crores on conservatio
could yield an annual saving of Rs.1,92
crores. Given such a large potential fo
saving, the IDBI scheme is certainly
step in the right direction.

■ ASPI CONTRACTO



Pani: "There has been an enthusiastic response"

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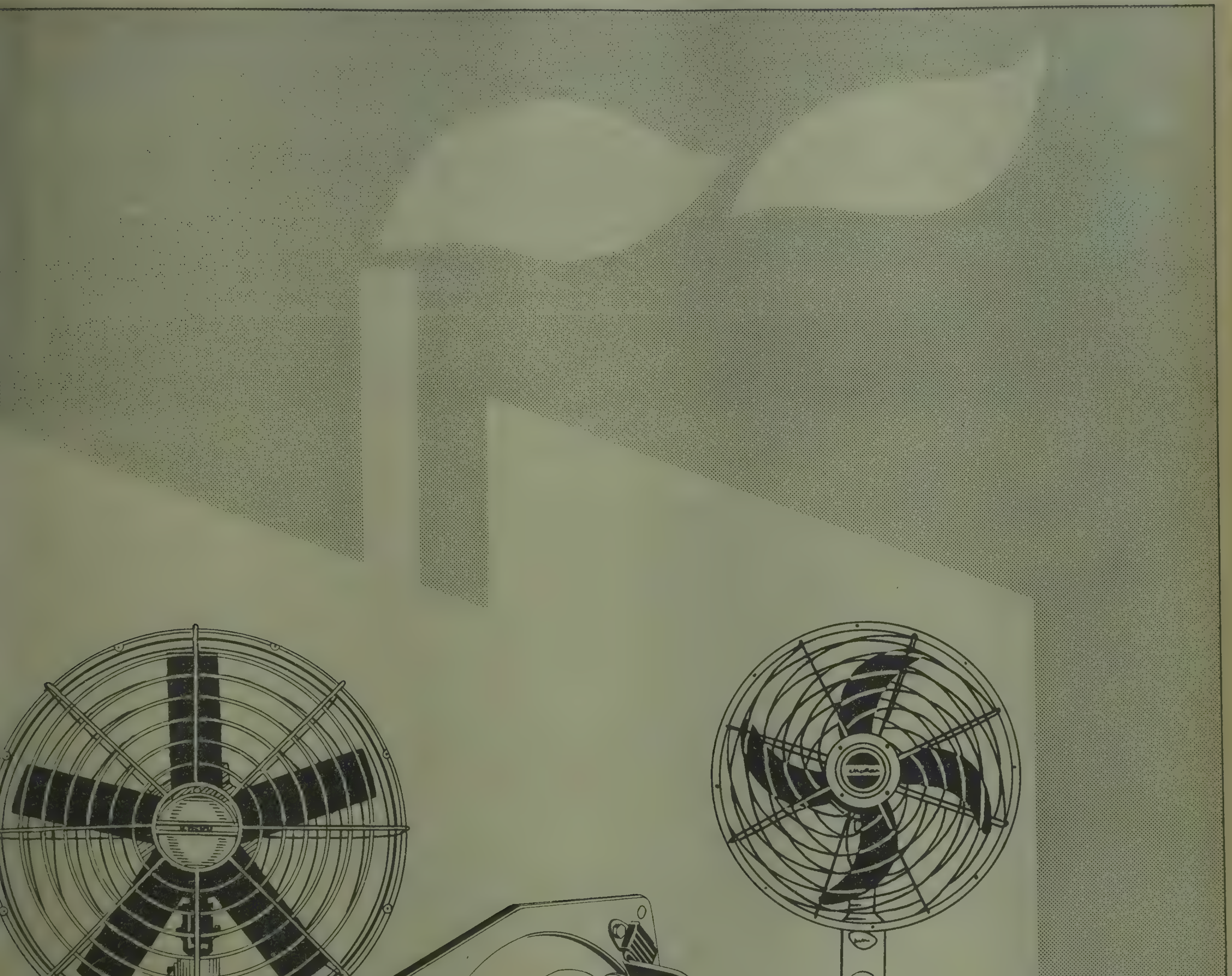
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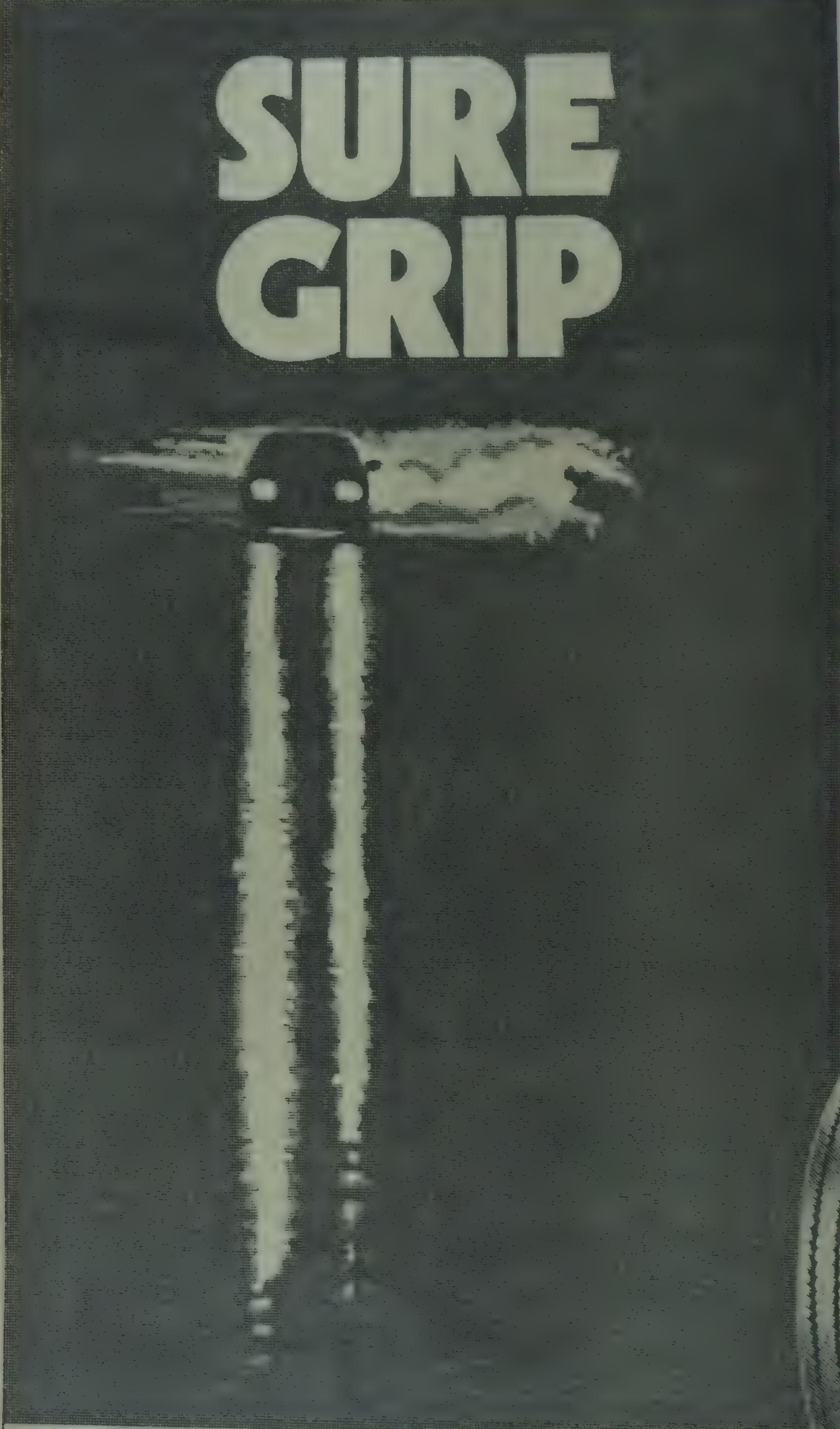

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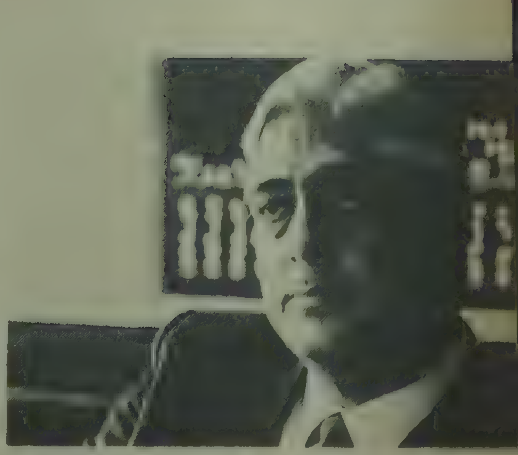
Mastering the market

Holders of Mastershares were jubilant last fortnight when the Unit Trust of India (UTI) announced a 13 per cent dividend. In a year of declining share prices, the book appreciation of Mastershares has been impressive. But this is still not reflected in its market price



Pherwani: "Mastershares have out performed the market".

As is customary, on 30 June, the last day of each financial year, chairman Manohar Pherwani, announced the results of the Unit Trust of India (UTI) for 1987-88. There was a lot of good news. The dividend on the ever-popular Unit Scheme 1964 was hiked to 16.50 per cent. The other schemes also declared a higher dividend payout. The biggest surprise of course, was Mastershares — the dividend was upped to 13 per cent from the maiden 8 per cent for 1986-87.

The performance of Mastershares in its first full year of operation is indeed encouraging. UTI's Mastershares division, (to the extent of 75 per cent through 1987) outperformed the *Economic Times* (ET) index by over 20 per cent in 1987. The net asset value (NAV) of the Mastershare was Rs.14.26 on 29 June 1988. (The NAV is a measure of the market value of the underlying portfolio held by the fund.) However its share price has so far failed to respond to this and at Rs.11.25 on 4 July, it is in fact below its 31 May peak of Rs.12.37.

The average investor was a loser on the capital markets during 1987 — it was a bad year for the economy and the capital markets. The ET all-India index of ordinary share prices rose only 2.54 per cent between December 1986 and December 1987 — roughly matching the economy's growth rate of 2 per cent over this period. Thus with the opportunity cost of the investors' funds being at least 14 per cent (being the rate he could have earned on say debentures) why did he not invest his funds in Mastershares? UTI's expectations of an active secondary market for these shares, transactions volume (now estimated at barely 2 per cent) have not materialised as yet.

Pherwani attributes at least part of the problem to the history of Mastershares. It was launched in September 1986 as a closed-ended mutual fund, ie, a fund which cannot raise additional capital once it has already done so. (This is in contrast to the open-ended fund— like the Unit '64 scheme — which continues to sell and buy units at regular intervals. Thus the only way to acquire Mastershares is from existing holders. However, at the end of seven years, ie., in September 1993, the net asset value of the fund could, at the fund's discretion, be distributed to shareholders desiring redemption at the time. Although the fund sought Rs.50 crores, the actual subscription was for nearly Rs.160 crores, of which the amount of Rs.150.4 crores was retained. One reason for the large subscription was the still bullish capital market at the time.) Further, the fund offered the small investor the chance to hold a diversified portfolio. Indeed, Mastershares is a common man's fund, with over 350,000 lakh investors holding between 100 and 300 shares.

If there was nothing wrong with the timing of the launch, there may have been a problem with the size of the fund. Pherwani, while avowing that spilt milk should bring no tears, feels that the fund should have stuck to its original target of Rs.50 crores. "There was a market demand for more than this sum as can be seen from the large oversubscription," he says. "And this would have been transformed into a strong demand for Mastershares and a higher price in the secondary market." However, as a leading broker notes, investors look primarily for return on investment, be it in the form of realisable capital gains or paid-out dividends. So if Mastershares offer a sufficiently attractive return, the market will pay a premium", he says. "Tata Steel, for example, quotes above Rs.800 in spite of having a capital base in excess of Rs.100 crores."

Pherwani is satisfied with the investment policy of the fund which is to invest in a well-diversified portfolio of equities. He points out that the fund has concentrated over half its investments in a few basic industries with good growth potential, namely automobiles, basic metals, consumer products, chemicals and textiles, and these investments will grow well with the economy. With a projected economic growth rate of 7 per cent in 1988-89 and with the monsoon on schedule so far, he is sanguine about Mastershares' performance in the coming year.

UTI operates several funds, but Mastershares is managed independently o the other funds of the Unit Trust, such a the Unit Scheme '64 and the India Fund It has, in fact, performed a little bette than the India Fund whose NAV has s far risen by 38 per cent versus Mastershares' 42 per cent.

In its prospectus, UTI indicated that it Mastershare operations would be spu off into an independent entity by formin a subsidiary. However UTI officials sa that they have no "current plans" to d so. In any case, they claim that the Mastershare, India Fund and Unit Schem 1964 portfolios are handled independently of each other. Each of the fund has its own team of portfolio manager who work under the overall supervisio of the chairman. Buy/sell orders ar placed through any one of the 160 broker whose services UTI utilises in the stock market. Says Pherwani: "The identity o the funds for which orders are placed i never revealed."

While the UTI appears to be please with its management of Mastershares, i is greatly troubled by the market's response. In fact, the decision to declare relatively high dividend of 13 per cen represents an important strategic shif on its part, primarily to improve marke response.

Initially, when Mastershares wa launched, the terms of offer categoricall stated that the purpose of the issue wa to provide "long-term capital appreciation in addition to modest dividend t investors". The first dividend, declared o 30 June 1987, seemed to comply wit these goals; a pro-rata dividend of 8 pe cent (for seven months) when the NA was Rs.11.05. This represented a payou ratio of about 40 per cent of earnings.

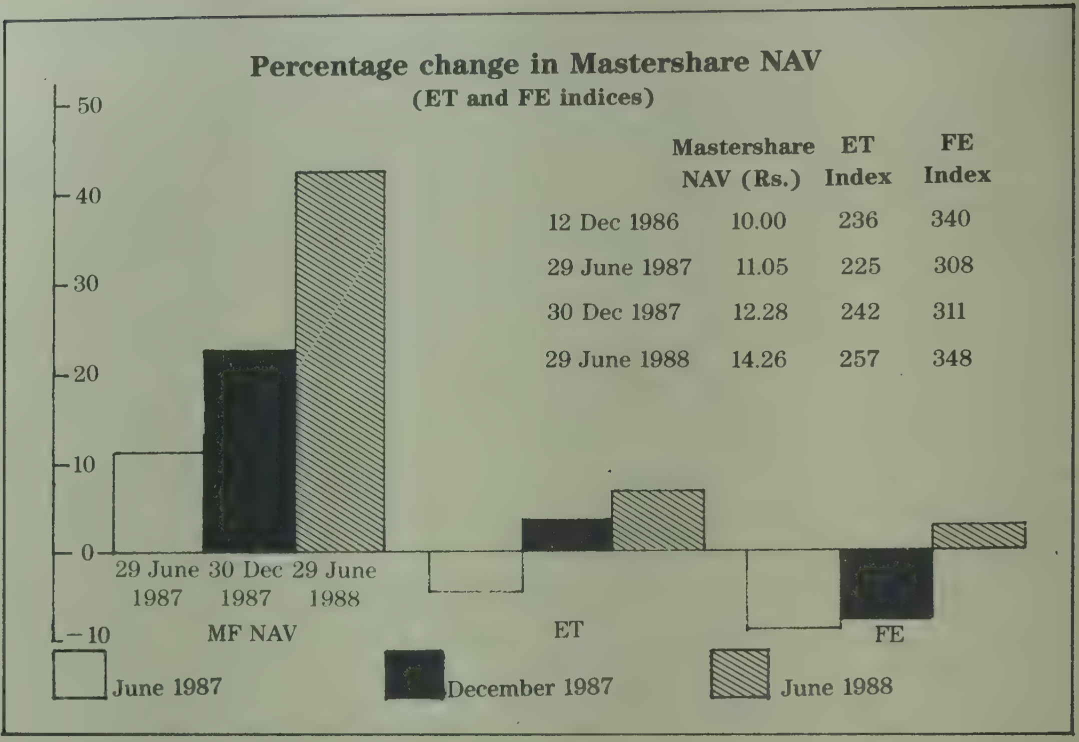
The market's response continued to b negative. The fund was quoted below pa in June 1987 and continued to do so righ up to March 1988, even though the NAV rose steadily. The reason seemed to be that, given the low dividend of 8 per cent, the realisable return from investing in Mastershares would come only after 6 years when the fund may redeem shares at its NAV. How high would this return be? In the market's view, Mastershares would, at best, be able to outperform the market by a small amount in a good year, but would do no better (and could do substantially worse) than a fixed return investment in a bad year. This meant that it was worth paying a small premium for Mastershares if the market was good, but it was not worth paying any premium (and perhaps even discounting the share) if the market was bad.

This view can be substantiated by examining the NAV of Rs.12.33 per share on 10 March of this year. This implied that since the date of receipt of funds in October 1986, Mastershares had appreciated by 23.3 per cent or at an average monthly rate of only 1.3 per cent. Thus, in a bad year, Mastershares had indeed fared not much better than a fixed income instrument. Although it outperformed the equity market, this may not have been given too much importance by the markets since the gains are not realisable until six years.

What this means for the future is that the market price of Mastershares will probably depend more on the overall state of the capital markets than on its relative performance against the market. In a good market, when there are strong expectations of capital gains on shares, investors will pay a premium for UTI's professional management of Mastershares. However, in a bad market, a strategy of providing capital appreciation will not be favoured by the market and it is better to switch to a policy of paying higher dividends.

Another viewpoint is that Mastershares is still looked upon as an income instrument even though it was floated as a growth share. As Pherwani puts it: "Shareholders are yet to get a feel of the instrument. The compensation in a growth share does not accrue through cash. It can only be realised when the fund issues a bonus or its price appreciates considerably. We are confident that the Mastershare will be viewed as such after some time."

However a prominent banker disagrees with this assessment. Said he: "It is true that the mutual fund culture, if it can be called that, is yet to catch on among the investing public. But in a bear market investors would naturally gravitate towards fixed income instruments. So the Mastershare, growth share or not, is being regarded as a safe bet."



Percentage change in Mastershare NAV
(ET and FE indices)

	Mastershare NAV (Rs.)	ET Index	FE Index
12 Dec 1986	10.00	236	340
29 June 1987	11.05	225	308
30 Dec 1987	12.28	242	311
29 June 1988	14.26	257	348

The shift to a higher dividend payout became a possibility in the still depressed conditions of March 1988. In an internal evaluation of Mastershares released to the press, the UTI announced that it was "debating whether to repurchase or provide secondary support in the market." Two factors ruled these options out. The first was the concern that there might be a run on Mastershares' cash funds due to excessive redemptions in case a repurchase took place. Such a rush of redemptions had occurred for the 1964 Units when corporate dividends were frozen to a maximum of 12 per cent in the 1970s and UTI was then forced to borrow cash. The other factor was the apprehension that secondary support would have only a temporary effect on the price and could also lead to investor demands for permanent support in case the price fell off again.

Instead, the fund decided to increase dividend. Whereas the prospectus had spoken of modest dividends, the fund now stated that "the results for June 1988 coupled with a reasonable dividend will enable the secondary market to move upward." In other words, until the market looks up, Mastershares will have to substitute the promise of growth with that of payout.

The market responded to the higher dividend prospects in April by valuing the share above par and narrowing the gap between NAV and market price (see chart). Pherwani is, however, keen to emphasise that Mastershares has not given up its ultimate goal of being a growth share. As he puts it, the idea of paying a high dividend is to "make friends with the market" by letting small investors know that both cash returns and capital gains are available from Mastershares. Later, once the shares catch the investor's eye, the fund may again concentrate on giving investors more capital appreciation.

Once the Mastershare operations are "stabilised" UTI even plans to launch a range of schemes which would cater to the different needs of investors. Both SBI Caps and Canbank have already shown the way by floating funds for high tax bracket investors. UTI is expected to follow suit.

Meanwhile, investors in Mastershares in the secondary market suffer from a low trading volume (barely one to two per cent of the total fund has been transacted in the secondary market so far) and a high bid-offer spread of 2.5 per cent against the average spread of half per cent.

The future of Mastershares, then, depends on the quality of its management, and given that, on the state of the capital markets. For the moment, the scrip is valued like a dividend share with a yield of 11.55 per cent — rather like a fixed return instrument. But this may well change if capital markets look up for a sustained period, as they now show signs of doing.

■ RAFIQ DOSSANI with S.N. VASUKI

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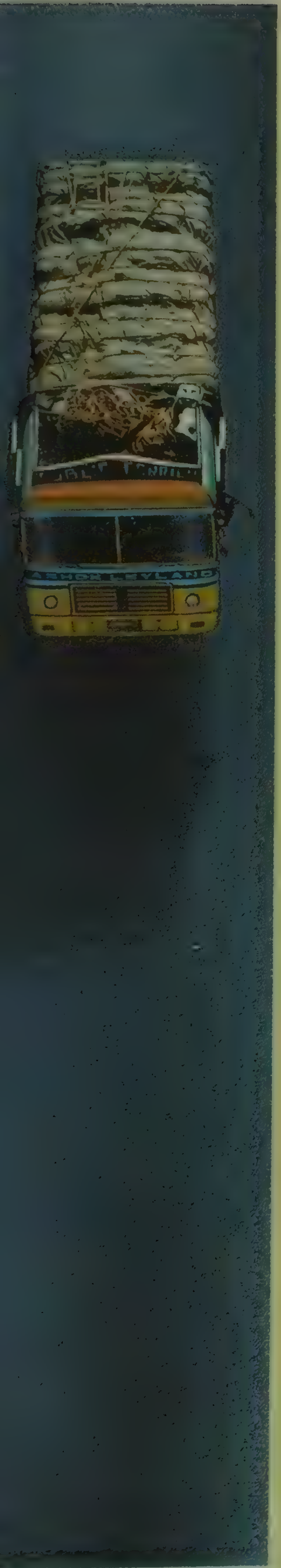

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NATIONAL MANAGEMENT PROGRAMME

A slapdash affair

It is the story of an ambitious management programme mooted 18 months ago and how it got off on a muted note, despite the union government having sold the concept. The pet project of Harvard-educated union minister of state P. Chidambaram, the National Management Programme (NMP) inaugurated on 1 July has the blessings of Prime Minister Rajiv Gandhi.

According to press reports, the launching of the NMP at the Management Development Institute (MDI), Gurgaon, Haryana was "a lacklustre affair". President R. Venkataraman was to have inaugurated it but this did not happen. In fact, the plans for a formal opening ceremony were dropped. Strangely, the government settled for a less-known management institution to flag off the programme which has a government grant of Rs.1.8 crores.

Until two days before the start of the first course, neither the syllabus nor the list of candidates was finalised. The "last date" for sponsoring candidates was postponed several times and the MDI is still awaiting more applicants. Only 36 candidates have so far applied for the 60-odd seats available.

Last month, Chidambaram himself urged industry representatives to respond positively to NMP. While it was envisaged to have 20 candidates each from the government, the public sector and private sector, the actual mix so far has turned out to be 19 bureaucrats, 16 public sector executives and a lone candidate from the private sector — an ITC executive!

The MDI is hosting the first course of NMP in co-operation with the four IIMs (Ahmedabad, Bangalore, Calcutta and Lucknow) and the Xavier Labour Relations Institute (XLRI), Jamshedpur. The programme is being conducted with the support of the ministry of personnel, public grievances and pensions. The Indian Institute of Management, Bangalore (IIM-B) has already proposed to hold the second course of NMP here which might be held after the government is satisfied with the first course beginning 1 July.

The NMP was conceived by Gandhi and Chidambaram, who holds charge of home, personnel, public grievances and pensions. The programme claims to be unique in terms of course-content, target-students, fees, duration and teaching aids. It is targeted at experienced (minimum 5 years), middle-level and senior-level executives of public and private sector companies as well as bright civil servants who are expected to occupy top positions in the future. Minimum academic qualification: graduate in any discipline; age: not above 35 years.

The 15-month course includes a 12-month residential course followed by three months of project work for candidates in their respective organisations. On successful completion of the course, the candidates will be awarded a diploma equivalent to a master's degree. Accor ing to the programme prospectus, th NMP aims at strengthening the decisio making capabilities of the participant improving the abilities of the partic pants to adapt to the structure and goal of the particular organisations and e couraging them to act as 'change agents The overall goal is to create a nucleus like-minded managers in the country i terms of attitudes, approach and com mitment to the development process i the national interest.

The NMP has been planned in fou courses. The first, to be held at MDI, wi concentrate on enterprise and the sec ond, to be hosted by IIM-B, on infrastruc ture. The venues for the third and fourt courses, which will deal with agricultur and services (education, health, popula tion, sports and women's programmes have not been decided. A programm advisory committee, chaired by Yoginde Alagh, member, Planning Commission will oversee the operations of the NMP. I addition, there is a 12-member second level committee which will develop th course material, admission procedure etc.

Each course is expected to accommo date 60 students (IIM-B may take 3 students), selected on the basis of a tes and interview. There is a separate en trance exam for each course and admis sion to one course does not entitle one t the other courses. The faculty for the NM is selected from the four IIMs and from XLRI, Jamshedpur. Foreign institution have also been tapped for the purpose The Ford Foundation, USA has already granted a sizeable amount for the purchase of software, materials and training of faculty abroad.

The total damages for each course are over Rs.100,000 which many consider to be too high. But a former director of IIM-B, N.S. Ramaswamy says, "The amount is quite reasonable. It costs $ 10,000 in the US to produce a management graduate and Rs.1 lakh in India, excluding subsidies by the union government." He is supported by R.S. Ganpathy of IIM-A, who says, "This is not really high since companies will be sponsoring it." (Ganpathy is one of the co-ordinators of the programme and a one-time classmate o Chidambaram.) The candidates are expected to sign a bond with the sponsoring companies which stipulates that in case the candidate leaves the company less than four years after completing the course, he will have to pay Rs.50,000.

ANNOUNCEMENT
ATIONAL MANAGEM
5TH SEPTEMBER

The NMP is Chidambaram's pet project

Ganpathy: "the NMP is not expensive"

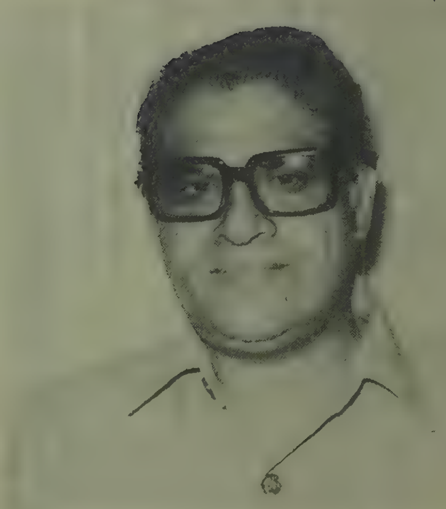
The government has already spent Rs.3 crores for building up the necessary infrastructure at MDI. Almost overnight, a block of new buildings mushroomed on the campus. A library was constructed and computers were bought. Recreational facilities like table-tennis, chess, badminton and even golf are available on the campus. The IIM-B, which is to host the second course, has asked for a grant of Rs.2.7 crores for making the necessary infrastructure available. "All this for just 30 or 60 students and that too not on a regular basis, is sheer wastage," says an IIM-B staffer.

There are other fears too. While welcoming the programme, Ramaswamy wonders if like other training programmes this too will concentrate on business and industry. "The government does not seem to realise that its success depends on the service consciousness of public utilities and services," he says. "Moreover, since there is no core faculty, the programme will inevitably be disjointed."

The future of the NMP depends a great deal on the coming monsoon session of parliament where members are expected to question the efficacy of the programme. Questions have been raised about the viability of the programme. It may also pose administrative problems. For instance, many academics feel that since the staff will be drawn from a variety of institutions, co-ordinating their schedules will pose a big problem. "The NMP is being started in haste. The curriculum outline is still not clear, the course material is not ready and it lacks the right kind of faculty," say some professors at IIM-B who obviously do not want to be quoted. They also question IIM-B's capacity to handle such an ambitious programme in the area of infrastructure. During 1985-86, IIM-B decided to drop certain sectoral programmes such as transport, energy, health. In fact, at present, the strong areas at IIM-B are research and training and consultancy services. Several IIM-B staffers are very disgruntled with the present director who, they say, did not even consult the faculty before forwarding the proposal to conduct the second course of the NMP at Bangalore. But J. Philip, director, IIM-B, says: "The NMP is an excellent idea and the second course, if it is conducted here, will be one of the finest things to happen at IIM-B." Reacting to the allegation that he did not take the faculty into confidence before proposing to conduct the second course to the government, Philip said "That is not true. It was discussed with the faculty and later proposed to the government." Did the IIM-B try for the second course because of the large grant involved? Reacting to this, Philip said "That is an insult. Our interest lies in academics."

He further clarified that the institute had presented two proposals to the government for the second course under the NMP. The first proposal dealt mainly with the financial aspects while the second deals with academic matters. However, several faculty-members of IIM-B claimed they were not aware of the second proposal. Said Prof S. Prasanna of IIM-B, "The director did not consult us when union minister Chidambaram contacted IIM-B and told him about NMP. The faculty was not informed. We came to know much later when one of our colleagues came back from Delhi after attending a meeting there and he subsequently blurted it out during a faculty meeting much against his wishes.... Later on there was a meeting on the admission procedure and a common admission test was being considered. IIM-B said that it was in favour of trying it out for a year while IIM-C had vetoed it. But as far as the NMP curriculum is concerned, I am sure that IIM-B was not consulted."

Many observers also question the need for an IAS officer joining the NMP. Says one faculty member of IIM-B, "Fifteen months is too long a period while the programme itself is ill-defined. There is no clear-cut objective. The three-month-long project work at the candidates' company is unrealistic. The guides at the institute and at the company will be different, and it will be difficult to have a smooth interaction between the two." Another feature of NMP that is being criticised is that the first course is open only to male candidates. Says Poornima Vyasulu of Praxis Consultants, Bangalore, "The NMP is going to be lop-sided, since women have not been invited to join." Ironically, at a recent workshop on 'Training Women in Development' meant for senior personnel from SAARC countries held at Anand, Gujarat, it was observed that women were not equipped to take up managerial work because they did not have the opportunity. The workshop recommended that women should be given management training.



Philip: "excellent idea"

Says Vinod Vyasulu of IIM-B, "The NMP should not be of the M.Tech or MBA variety. Not because these are not good programmes but they are for young persons in their twenties with little experience of working in an organisation. Such courses depend on standard material and may not be suitable for an older and more experienced audience that has more specific goals." When asked what it ought to be like, he said that "modules should be developed and offered in various areas of relevance to public enterprises like industrial economics, industrial relations, computers and systems, international negotiations and the like, taking into account the specific context in which the Indian public sector functions. The manager participants in such programmes may choose an area of greater specialisation depending upon their interest, their company's need and the time available. Such a programme should be useful to IAS officers too."

It is a bit too early to predict whether the NMP will be successful. However, the government has to define it more clearly and plan well in advance to provide credibility to the programme.

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FOREIGN BANKS

Consolidating their position

Panjwani: adequate provisions have been made for unsecured loans

Almost all the foreign banks operating in the country have published results for 1987. With Citibank — the most high-profile and aggressive of them all — publishing results last month, a comparison of performance becomes possible.

For the major foreign banks the year has been one of lower profits than the previous year with the exception of Grindlays Bank, American Express and Hongkong Bank. While Grindlays and American Express have registered a 20 per cent and 38 per cent rise in profits respectively over the previous year, Hongkong Bank has more than doubled its profits from Rs.5.2 crores in 1986 to Rs.11 crores last year. Of the banks that have fared worse than they did in 1986 in terms of profits, Citibank showed only a modest fall — from Rs.8.3 crores in 1986 to Rs.7.6 crores in 1987. All others, Bank of America, Bank of Credit & Commerce International, and Standard Chartered have reported substantially lower profits. The fall, however, has been most significant for Standard Chartered (52 per cent) and Bank of America (61 per cent).

According to most foreign bankers, however, net profit or the balance sheet profit is an unfair basis of comparison as according to the Banking Regulations Act 1949 neither the provisions for tax nor provisions for bad loans can be shown under distinct separate heads to enable the computation of gross profits. Gross profits, according to foreign bankers, should be the basis for comparison as policies on provisions for tax and bad loans differ from bank to bank.

Srinivasan: "ATMs should support a network system"

Nirlon has obviously been the foreign banks' bete noire in the last year and a major reason for depressed profits. Citibank, for example, has reportedly made a Rs.3-crore provision for loans to Nirlon. There are, however, conflicting market reports on how Hongkong Bank (whose exposure is the highest among foreign banks) has treated its loans to Nirlon. Some feel that it has made provisions; other believe that it hasn't because the securities it holds can adequately cover its credit amount. P.D. Panjwani, manager, finance, Hongkong Bank, however, is unwilling to confirm or deny either version and says that "adequate provisions have been made for the unsecured portion". Although work on the rehabilitation package for Nirlon is still in progress, it is believed that Hongkong Bank has been informally told to write off a substantial portion of its interest outstandings. If it does, then under Indian income tax laws, it can get tax reliefs which will have an impact on the 1988 balance sheet. "Under Indian laws, it is only when a loan is deemed irrecoverable that a tax exemption is allowed on it," says Richard. C. Wortley, country manager, Bank of America. So although profits are depressed because provisions have to be made for doubtful debts, there is no compensating tax relief. Bank of America has reportedly had to make a Rs.4-crore provision for its loans to Metal Box.

For banks, provisions for tax on gross profits are clubbed with rent, insurance, lighting, etc. Although the exact amounts provided for tax cannot be made out from the balance sheet, trends are certainly discernible. Expenditure under this head has decreased for Grindlays, Bank of America and Hongkong Bank but has increased for Standard Chartered (by Rs.1.73 crores) and Citibank (by Rs.19.31 crores). S. Venkatachalam, vice president, Citibank, explains that the rather high provision for tax in 1987 is due to a variety of reasons. Firstly, one of the three divisions of Citibank has not been fully computerised, so figures for that division are provisional and thus the estimated tax figure provided in the balance sheet is on the higher side. Also, claims made against the bank for the year 1984-85 by income tax authorities have not yet been settled, but the bank has made provisions for the same. In addition, when accounts for the year were being finalised it wasn't clear whether foreign banks would be exempted from the drought surcharge (they subsequently have been); the tax provisions are, therefore, higher to the extent of the surcharge.

Unlike profits, the deposits of almost all foreign banks have shown an increase over the previous year except for Bank of America and American Express which have shown decreases of 8 per cent and 18 per cent over the previous year. The increase in deposits has been the highest for Citibank (25 per cent) followed by Grindlays (22 per cent) and Hongkong Bank (20 per cent). Both Citibank and Hongkong Bank who introduced automatic teller machines (ATMs) during 1987 have, according to the respective bank officials, already benefited in terms of growth in the number of account holders. The other foreign banks also have plans to introduce ATMs in the near future. However, according to R. Srinivasan, general manager, finance, Grindlays Bank, "The ATMs should not be dedicated to a particular branch but be able to support a network system." He feels ATMs should perform a lot more functions apart from merely dispensing cash.

M.E. Stirling, chief manager, India, Standard Chartered Bank, is also of the same opinion: "Branch specific ATMs merely prove to be very expensive cashiers." Both he and Srinivasan realise, of course, that introducing city interlinked systems will take them some time although work is in progress.

Despite the increasing competition from nationalised banks for foreign currency deposits, foreign banks have been able to increase their deposits from non-resident Indians. In fact, in 1987 Citibank's FCNR/NRE deposits were a little over 50 per cent of their total deposits. According to Stirling, Standard Chartered's foreign currency deposits increased by another $ 100 million during the year.

The percentage increase in deposits for all banks in 1987 was, however, lower than that achieved in 1986. Besides Bank of America and American Express which actually showed a negative growth rate compared to increases of 49 per cent and 41 per cent in the previous year, even BCCI could manage to increase deposits by only 15 per cent compared to the 42 per cent it had achieved in 1986. The fall in percentage increase was less marked for the others — from 28 to 25 for Citibank, from 27 to 20 for Hongkong Bank and from 21 to 14 for Standard Chartered. Grindlays was the only exception to the trend having bettered deposit growth by 22 per cent compared to 18 per cent in the previous year.

The deposit crunch has led to almost all banks laying more stress on bills discounting. "This is in keeping with RBI's efforts to promote the bill culture," says Stirling. But more important is the fact that since the bills can be automatically rediscounted the banks do not have to have an assured inflow of funds unlike in the case of advances. "Although the margins are lower in bill finance, they are assured margins," Panjwani points out.

The credit deposit ratio of all foreign banks has averaged around 65 per cent during the year except for Bank of America whose C/D ratio was a whopping 122 per cent. With a negative growth in deposits, the bank's borrowings in the inter-bank market consequently increased by over Rs.20 crores.

In the non-fund-based business, ie, in earnings by way of commission and brokerage, Citibank has, as in the previous year, topped the list of foreign banks. Although all banks have uniformly increased their non-fund-based business earnings, Citibank is the highest at Rs.27 crores.

Stirling: an emphasis on bills discounting

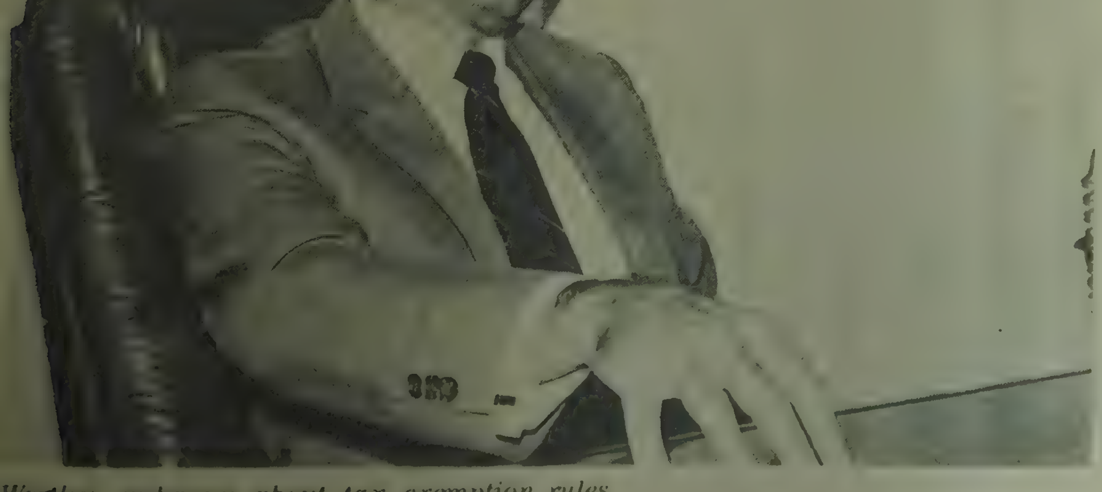
Over the last few years, there has also been an increasing effort by foreign banks to get a larger share of the non-fund business, given the environment of disintermediation and their small branch strength in the country.

All foreign banks have embarked on a computerisation programme expected to take a year or two more to complete. Although there has been a renewed thrust on personal banking to give individual depositors better service, the ultimate target is the corporate client. As a foreign banker explains, "If a customer is satisfied with our service it might have a fall-out effect in that he can influence his company's business to shift in our favour." All foreign bankers, however, complain that though corporate customers are aware of the better service that foreign banks provide, nationalised banks, thanks to their lending power, manage to armtwist borrowers into giving them the non-fund business also.

Revamping premises, spending on computerisation, increasing staff strength — the foreign banks are obviously consolidating their position. And within RBI's restrictive policies guiding foreign banks, innovation is the name of the game.

■

KEYA SARKAR


Wortley: unhappy about tax exemption rules

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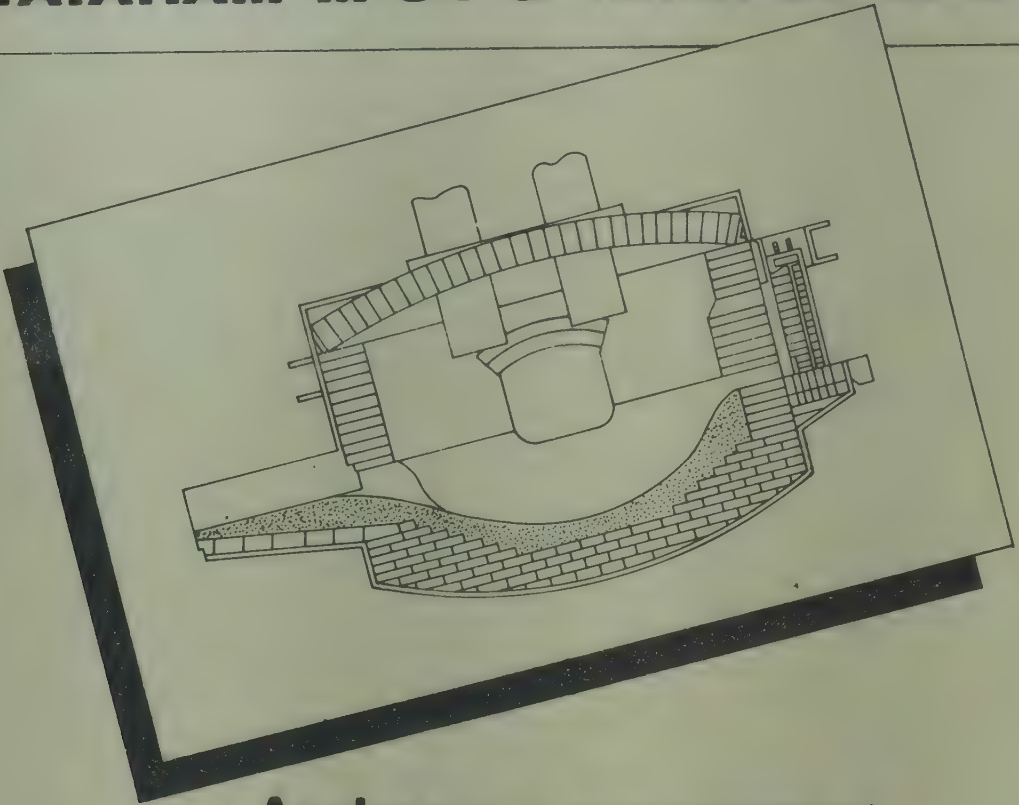

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The Rourkela steel plant has many firsts to its credit. It was the first of the three public sector steel plants set up during the fifties. It was the first to adopt the revolutionary L.D. process of steel-making and the first to manufacture a wide range of flat plant products including CROD/CRNO and large diameter pipes for industry, defence, irrigation and indeed for the entire economy. Rourkela is also the only steel plant having a large fertiliser complex attached to it. The fertiliser plant uses by-products from the steel plant which are synthesised to form ammonia which is then converted into calcium ammonium nitrate. Rourkela's by-product plant is one of the largest in the country in terms of the volume of gas handled and the range of products.

The Rourkela steel plant is the first in the country to produce special steel using the vacuum degassing process. It is also Rourkela that first carried out the desulphurisation of hot metal using the calcium carbide injection process.

The Rourkela steel plant was set up following a consultancy agreement between India and the Federal Republic of Germany signed in December 1953. Rourkela, which stands at the confluence of the Sankh and the Koel rivers, was then a tiny village with a population of just 400 families. Today it is the site of the largest integrated steel plant in the public sector spread over an area of 50 sq. km. with a population exceeding 350,000 and a workforce of more than 40,000. Until last year, the plant had produced 21.73 million tonnes of saleable steel.

When it was first set up, the plant had a capacity of 1 million tonnes of ingot steel. During the latter half of the sixties the capacity was increased to 1.8 million tonnes of ingot steel. But the initial euphoria did not last long; the plant never achieved its rated capacity and the maximum production it achieved was during 1976-77 when it produced 1.5 million tonnes.

The plant authorities give several reasons for this dismal performance: operations were unstable, the blast furnaces and steel melting shop were affected due to the inferior quality of raw material, the layout and transportation network in the original design had shortcomings and power supplies were inadequate. Another important reason is that the plant did not keep pace with the rapidly changing steel technology in the world, and so the machinery grew obsolete.

It is ironical that this public sector plant that boasted of many technological firsts and had led in the adoption of modern technology has now to complain that "continued dependence on age-old technology had adversely affected the performance of the plant". Having no alternative, a major modernisation programme is now on the cards. It involves an investment of Rs.1,600 crores in two phases; besides this, over Rs.500 crores will be spent in the next five years on modifications and replacements to improve the existing plant and machinery.

"This modernisation should have taken place years ago." says M.C. I Tarafdar, managing director of the plan "Steel technology is changing rapidl What we do today might require a chang tomorrow."

Among the programmes envisaged i the plan are the installation of a centra ised raw material handling and storag system, facilities for partial briquetting o coal charge in coke ovens, pelletisin facilities to make use of plant metallurgical wastes as sinter plant feed, a ne sinter plant, facilities for slag granulatio in blast furnace No. 4 of a new PCM o reallocation of the existing PCM, a ne converter steel-making shop with provision for continuous casting facilities, and facilities for combined blowing in the existing as well as LD converters, modification of existing coal handling and storage facilities in coke ovens, new facili-

A blast furnace at Rourkela

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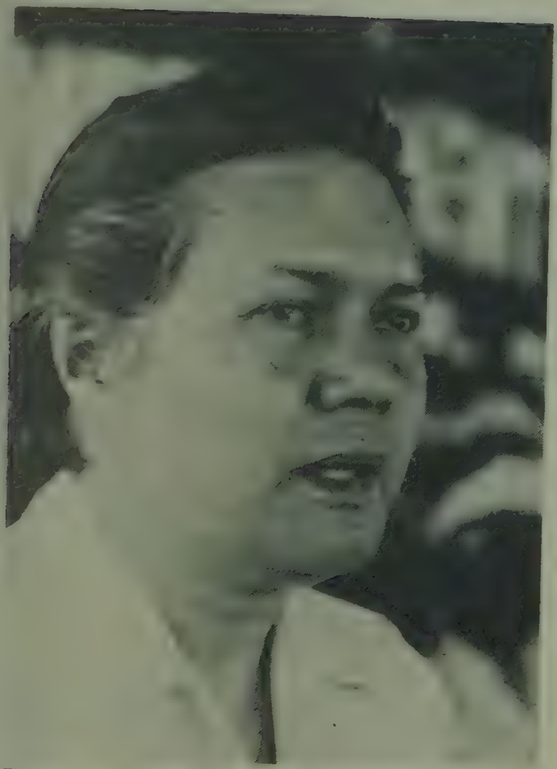

Tarafdar : emphasis on modernisation

ties to manufacture bricks for LD converters, installation of new lime kilns to meet the additional lime requirement for converters, updating the facilities in the hot strip mill, and service facilities to meet the requirements for enhanced production levels. The list of modifications and replacements is as long.

The modernisation programme will be implemented in two phases running concurrently. In the first phase, priority schemes for improving the quality of raw material inputs will be implemented. It will take five years to complete after government approval is obtained.

In the second phase, new production units like a new conveyor shop, continuous casting facilities, calcinising plant, etc. will be taken up for implementation along with the planned augmentation of hot strip mill capacity. This phase is estimated to last a little more than six years.

The modernisation programme, if both phases are implemented, will raise the level of production. Hot metal production will go up to 2 million tonnes per annum (MTPA) from the current 1.21 MTPA, crude steel to 1.9 MTPA from 1.114 MTPA, and saleable steel to 1.612 MTPA from 1.156 MTPA.

In principle, SAIL and PIB (Projects Investment Board) have approved the Rs.1,600 crore modernisation scheme. The PIB has approved an investment of Rs.415 crores for the first phase and the central cabinet's approval is awaited. The State Pollution Control Board and the Department of Environment in the central government have already cleared the proposals for the first phase.

Tarafdar, however, could not furnish details about the extent of involvement of the financing bodies. "We shall plough in our internal resources. Even the suppliers may come forward," he says. It is also learnt that a team of West German experts visited the Rourkela plant recently and, in principle, agreed to finance the modernisation.

Tarafdar is very optimistic about the future. In spite of a worldwide recession in the demand for steel, and despite alternative materials like aluminium, he says, "the per capita consumption of steel in India is just 15 kg, which is far below the consumption levels elsewhere."

About the supply of raw materials, one of the factors said to be responsible for Rourkela's poor performance, Tarafdar says, "We have a good stock of iron ore. But metallurgical coal is very scarce, and we have to depend on Australia. Even today, 25 per cent of our coal is imported. Silica limestone, an important raw material, is also scarce. We are looking for a country whom we can rely on for constant supplies. There is a good quantity of dolomite in neighbouring Madhya Pradesh and in Nepal and Bhutan. These are not a problem. Stocks will easily last 100 years."

Tarafdar is emphatic about the importance of using modern methods. "Technology is changing so fast that every five years something new comes up. Today 35 per cent of the world's steel is made using the electric arc method which reduces the dependence on coal. With the use of a sponge iron base too, the dependence on coal is minimised."

But given the complacent attitude of steel workers (who are among the best paid in the country), is he confident of implementing the modernisation programme within the scheduled time? Tarafdar is confident it can be done. And how? "By better communications. By making them involved. We are continuously talking to them. We have been telling them about the need to give of their best in their own interest."

But, says Tarafdar, "It all depends on the government's industrial policy. In the developed countries they operate on the 'one industry, one union' principle. Here it is different. There are several unions, each affiliated to a political party. You do not know whom to believe, whom to talk to, and whom to recognise." ■

R L.PATNAIK

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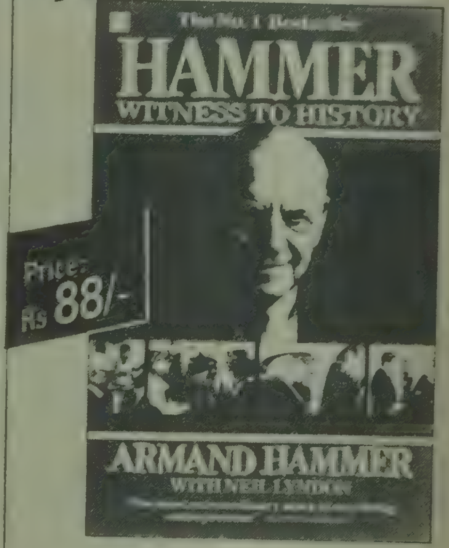

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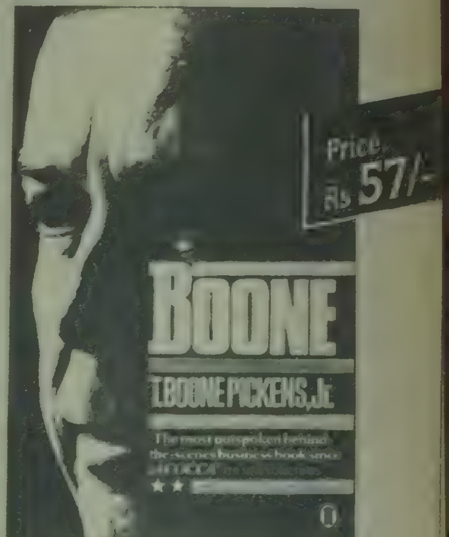

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INDIRA GANDHI NATIONAL
OPEN UNIVERSITY

ADMISSION TO DIPLOMA IN MANAGEMENT, MODULE - I (Beginning January 1989)

Entrance Test, September 18, 1988.

Indira Gandhi National Open University, an autonomous Institution set up under an Act of Parliament, invites applications from the eligible candidates for Entrance Test to be held on Sunday the 18th September, 1988 for admission to its 'Diploma in Management, Module-I Programme'. The basic task of the Indira Gandhi National Open University is to advance and disseminate learning and knowledge by a diversity of means including the use of communication technology. In the process it has to increasingly aim at democratisation of higher education and maintenance of high quality, covering larger segments of population, vacations and professions. Alongwith this, it has to encourage and strengthen the open and distance education system in the country

1. Who should apply?

Module-I of Diploma in Management is open to working persons with 3 or more years of managerial or supervisory experience holding Bachelor's Degree in any discipline. The persons not having Bachelor's Degree should have acquired 6 or more years of similar experience. The Candidates under both the above categories should have attained the age of 25 years on or before January 1, 1989. There is no limit for maximum age.

2. What will you Study?

The university follows a modular approach to the programme. If a student undergoes various modules in a sequence, they would ultimately lead to Master's Degree in Management. The Master's Degree Programme would consist of four modules: Foundation courses (Module-I). Application courses (Module-II), Specialisation courses (Module-III) and Integration courses (Module-IV)

3. How long would you study under the Programme?

A minimum study period of one academic session, beginning January 1989 is required to be completed for Module-I. However, the students have the freedom to complete this programme successfully in a maximum period of 4 years. Thus people engaged in their professional or domestic chores have liberty to pace their studies depending on the time and other facilities available with them.

4. Fees

Apart from Entrance Test Fee of Rs 25/- payable alongwith the application, a course fee of Rs. 750/- will be payable in two instalments. The first instalment of Rs. 450/- at the time of admission and second instalment by 1.5.89. Examination Fee @ Rs. 20/- per course will be payable as and when examinations are taken.

5. How will your study?

The university offers opportunities for higher education through the use of distance teaching methods according to which the students will be supplied with carefully designed self-instructional printed study materials, assignments for home work, facility for the use of audio-video cassettes and counselling/tutoring at the Study Centres spread all over the cou
Counsellors/Tutors will be available at the one of the study centres assigned to the st
after admission is finally confirmed. Such centres are provided in different regions c
country

6. Where will you get Counselling facilities?

At one of the towns chosen by you. Hyderabad. Tirupati Vijayawada. Guwahati. Patna,
shedpur, Chandigarh, Delhi, Marmagao, Ahmedabad, Vadodara, Rajkot, Kurukshetra. S
pat, Shimla, Jammu-Tawi, Bangalore, Mangalore, Trivandrum, Bhopal, Jabalpur, Durg, G
ior, Indore, Bombay, Pune, Shillong, Bhubaneshwar, Cuttack, Rourkela, Jallandhar, J
Kota, Jodhpur, Madras, Coimbatore, Madurai, Tiruchirapalli, Lucknow, Agra, Allaha
Bareilly, Dehradun, Kanpur, Modi Nagar, Calcutta, Imphal.

7. How will you be evaluated?

i) The first term-end examination will be held at the end of the prescribed duration c
programme. The students can pace the studies by appearing at the subsequent term
examinations organized evary six months in one or more courses not completed in th
attempt.

ii) The progress of the student will be assessed on continual basis through assignm
which the students will be required to submit on a regular basis as per schedule annou
The performance in continuous evaluation (assignments) will be counted towards final
as per the rules of the University.

8. What is the Entrance Test?

An Entrance Test will be held on September 18, 1988 which will contain multiple choice i
The duration of the Test will be 2 hours. Those who qualify in the Entrance Test will be o
admission by the University in accordance with the criterion laid down by it. The test w
available only in English medium.

A list of examination centres is given below. You are required to give First Choice and Se
Choice in the relevant columns given in the application format. The Examination Centre
chosen shall not be changed

9. Other Pertinent Points

**This is not a prospectus but only a brief description of the scheme. As such it shoul
be deemed as rules and regulations.** Though the University is open in nature an
University would make its programme accessible to all those who are otherwise eligible
however, reserves its right to delimit admissions depending on facilities and resources a
ble with it. **As such fulfilment of eligibility conditions or qualifying in the test doe
guarantee admission to the programme or to the use of any facility offered by the U
sity or creation of new facilities in any way.**

List of Examination Centree

CODE NO.	NAME OF THE CITY
0101	Hyderabad/ Kandaswamy Lane
0107	Hyderabad-Uppal
0102	Tirupati
0103	Vijayawada
0104	Guntur
0105	Warangal
0106	Anantpur
0201	Port Blair
0301	Itanagar
0401	Guwahati
0501	Patna
0502	Jamshedpur
0503	Dhanbad
0504	Muzaffarpur
0505	Bhagalpur
0506	Ranchi
0601	Chandigarh
	Delhi-DLH
0701	DLH Raja Garden
0703	DLH Dhaula Kuan Venkateswara College
0704	DLH DU area
0707	DLH Jamia Nagar
0708	DLH Ajmeri Gate
0709	DLH Dhaula Kuan RL College
0710	DLH Kalkaji
0711	DLH Hindu College
0712	DLH Vivek Vihar

CODE NO.	NAME OF THE CITY
0801	Marmagao
0901	Ahmedabad
0902	Vadodara
0903	Rajkot
1001	Kurukshetra
1003	Panipat
1005	Rohtak
1006	Faridabad
1101	Shimla
1102	Mandi
1103	Solan
1201	Jammu-Tawi
1202	Srinagar
1301	Bangalore
1302	Mangalore
1303	Dharwod
1401	Trivandrum
1402	Cochin
1501	Bhopal
1502	Jabalpur
1503	Durg
1504	Gwalior
1505	Bilaspur
1506	Indore
1508	Rewa
1601	Bombay Vidyanagar Kalina
1604	Bombay-Muland
1602	Pune
1605	Satara

CODE NO.	NAME OF THE CITY
1606	Kolhapur
1607	Nagpur
1701	Imphal
1801	Shillong
1901	Aizwal
2001	Kohima
2101	Bhubaneshwar
2102	Cuttack
2103	Rourkela
2104	Berhampur
2105	Angul
2106	Balasore
2107	Bolangir
2108	Sambalpur
2201	Jallandhar
2202	Amritsar
2301	Jaipur
2302	Udaipur
2303	Kota
2304	Jodhpur
2305	Bikaner
2306	Ajmer
2401	Pondicherry
2501	Madras-Tharamani
2505	Madras-IIT Campus
2502	Coimbatore
2503	Madurai
2504	Tiruchirapalli
2601	Gangtok
2701	Lucknow

CODE NO.	NAME OF THE C
2702	Agra
2703	Allahabad
2704	Bareilly
2705	Dehradun
2706	Kanpur
2707	Modinagar
2708	Varanasi
2709	Gorakhpur
2710	Sultanpur
2711	Haldwani
2712	Jhansi
2713	Aligarh
	Calcutta-CAL
2801	CAL Piajananda Pothigraha
2803	CAL Kancharapara
2804	CAL Ashwani Dutta Memorial Centre
2901	Agartala

How to apply?

candidates are advised to ensure accuracy and authenticity of the information supplied hem in the application form. In the event of any information found incorrect at a subsent stage having any bearing on the eligibility of the case, the admission shall be liable to cellation any time. The applications complete in all respects in the form indicated should ch the University on or before Monday the 25th July, 1988 alongwith Examination Fee of 25/- The application form should be addressed to:

Director (Admissions & Evaluation)
ira Gandhi National Open University
9, Kailash Colony, New Delhi-110 048.

The envelope containing application should be superscribed with the legend in CAPITAL LETTERS

"APPLICATION - DIM - ENT. TEST"

In case the candidates need acknowledgement they should enclose a self-addressed postcard. The eligible candidates who do not receive the Hall Ticket by 5th September, 1988 should either personally contact at the above address or inform telegraphically.

APPLICATION FORMAT
DIPLOMA IN MANAGEMENT (MODULE I) 1989
Application for Entrance Test
(September 18, 1988)

LAST DATE: MONDAY JULY 25, 1988

his portion of the advertisement itself may be used for application or alternatively it may be typed on a foolscap paper, with columns neatly drawn.

1. Incomplete applications will not be taken note of.
2. Use BLOCK CAPITAL LETTERS and write legibly.
3 Please send the applications alongwith the required fee and a self-stamped postcard so as to reach on or before the last date

1. Name
Write only one letter in each box. Leave one box blank between one part of your name and the other. Condense your name if space is not sufficient.

2. Sex Please write the code No. in the given box, 1 Male 2 Female

3. Date of Birth (Should have attained the age of 25 yrs. on or before 1st Jan. 1989)
Day Month Year

Father's/Husband's Name
(As per instructions in Column 1)

Do you belong to Scheduled Caste/Tribe? (Write 1 if you belong to SC and 2 for ST)

Nationality (write 1 if an Indian National or 2 if an alien)

Area Classification (Please write the relevant code of area you live in)
Tribal Area 1. Rural Area 2.Urban Area 3.

Choice of the Examination Centre: First choice
(Please fill in the Code No. from the list supplied) Second Choice
The University reserves the right to allocate any other centre if deemed necessary.

Mailing Address

City/Village
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Pin Code

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Draft NO
Date of Issue

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I hereby declare that (Tick the relevant one and cross out the other)
(a) I am a graduate with more than three years of managerial/supervisory experience
OR
(b) I am a non-graduate with more than six years of managerial/supervisory experience.

urther declare that the particulars supplied by me are correct to the best of my knowledge and it will be supported by original documents when asked for I am also fully aware of the fact at in the event of any information being found incorrect or misleading my candidature shall be liable to cancellation by the University any time.

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racity of Information Supplied

Full Signature of the Candidate.

IAMONDS

From roughs to gems

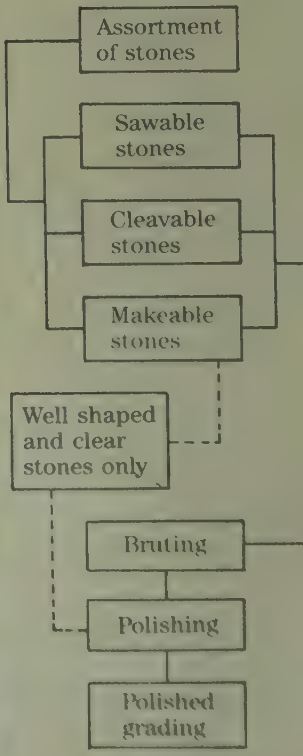
ndia has emerged as the leading exporter of polished diamonds. In 1987-88, India exported Rs.2,441 crores. Half million people are engaged in the processing of diamonds, spread over 25,000 cutting units. Half the cutting activity is concentrated in and around Surat and Navsari in Gujarat. The other big centre is Bombay.

India's contribution to the world diamond jewellery industry lies in processing a very large volume of small diamonds. These till lately were categorised as industrial diamonds but are now converted into the gem category through dextrous cutting

Roughs are carefully sorted out according to size and quality into different categories (right).

Before cutting, each rough has to be dexterously marketed (far right). Stones of good shape and clarity are sent directly for cutting and polishing (see flow chart). Others are cleaved or sawed into smaller pieces before being sent for further processing (below).

Flow chart


Assortment of stones
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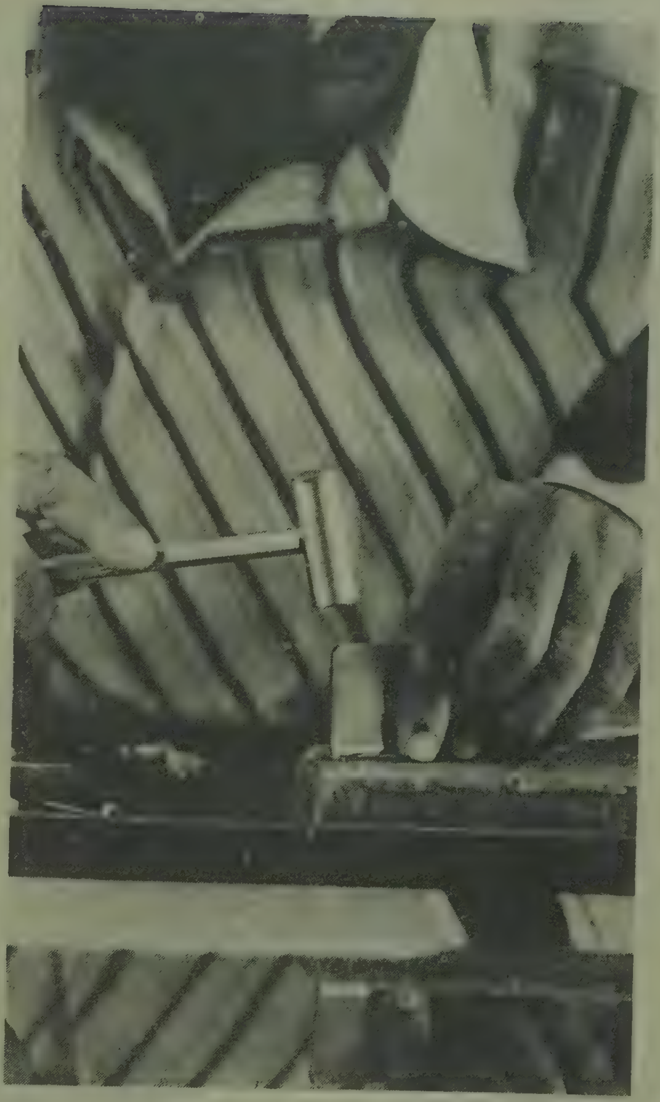
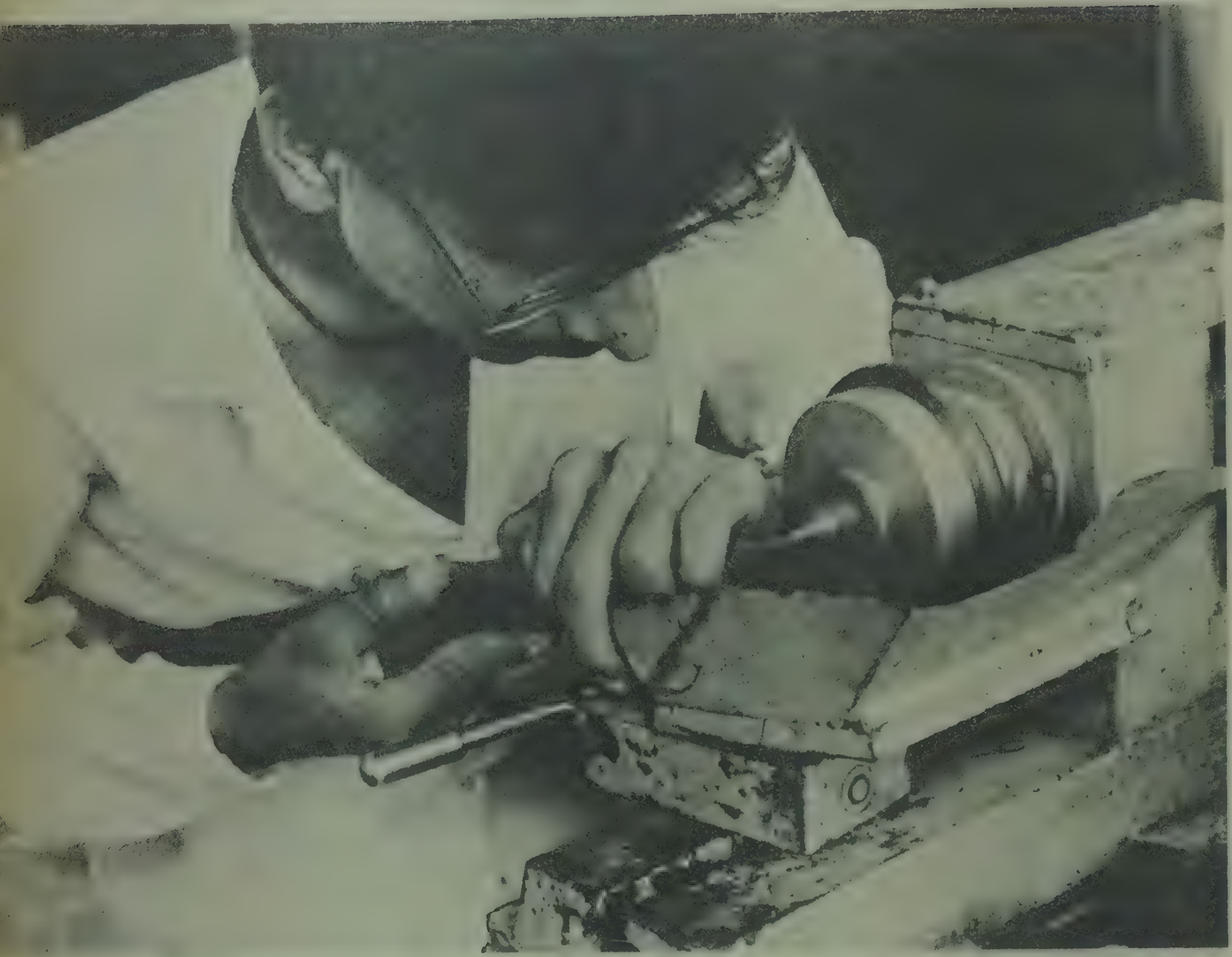
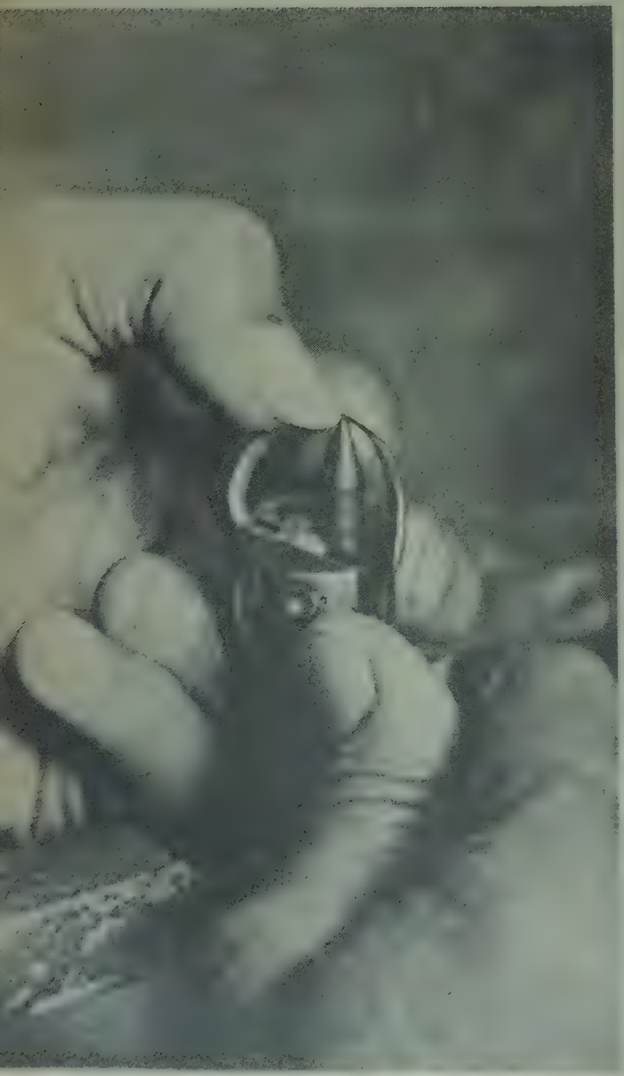
Cleavable stones
Makeable stones
Well shaped and clear stones only
Bruting
Polishing
Polished grading



Cleaving is the process of splitting rough stones along cleavage planes into smaller pieces (left), whereas sawing means to cut a stone into pieces with a diamond saw (below).

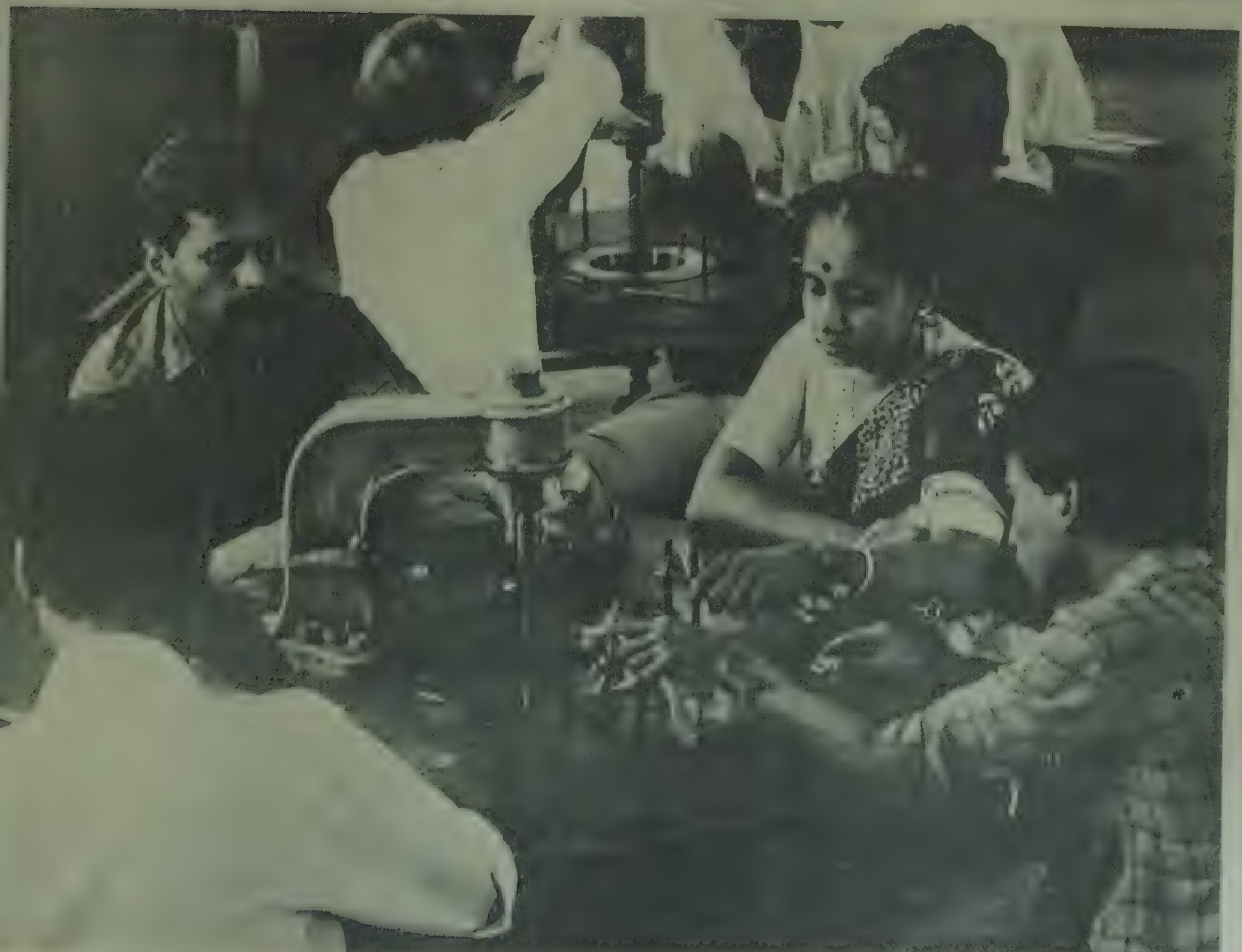


Bruting follows — popularly known as ghat. *Here, the rough stone is rounded like a top on a lathe (left). Upto 50 per cent of a stone's weight is lost in this process.*



The stone is then fixed on a dope, katori *(left), and held against a grinding wheel,* ghanti *(facing page, bottom) to give it final shape and polish. The stone is now ready for cutting and polishing, technically known as faceting. This process can take a long time.*

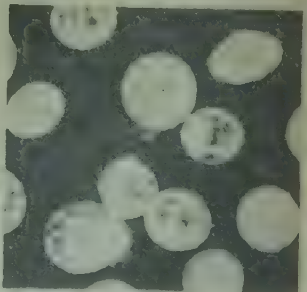
The average diamond factory will have several grinding tables with the workers sitting around them.



Many young handicapped are employed for this stage of operations (above).

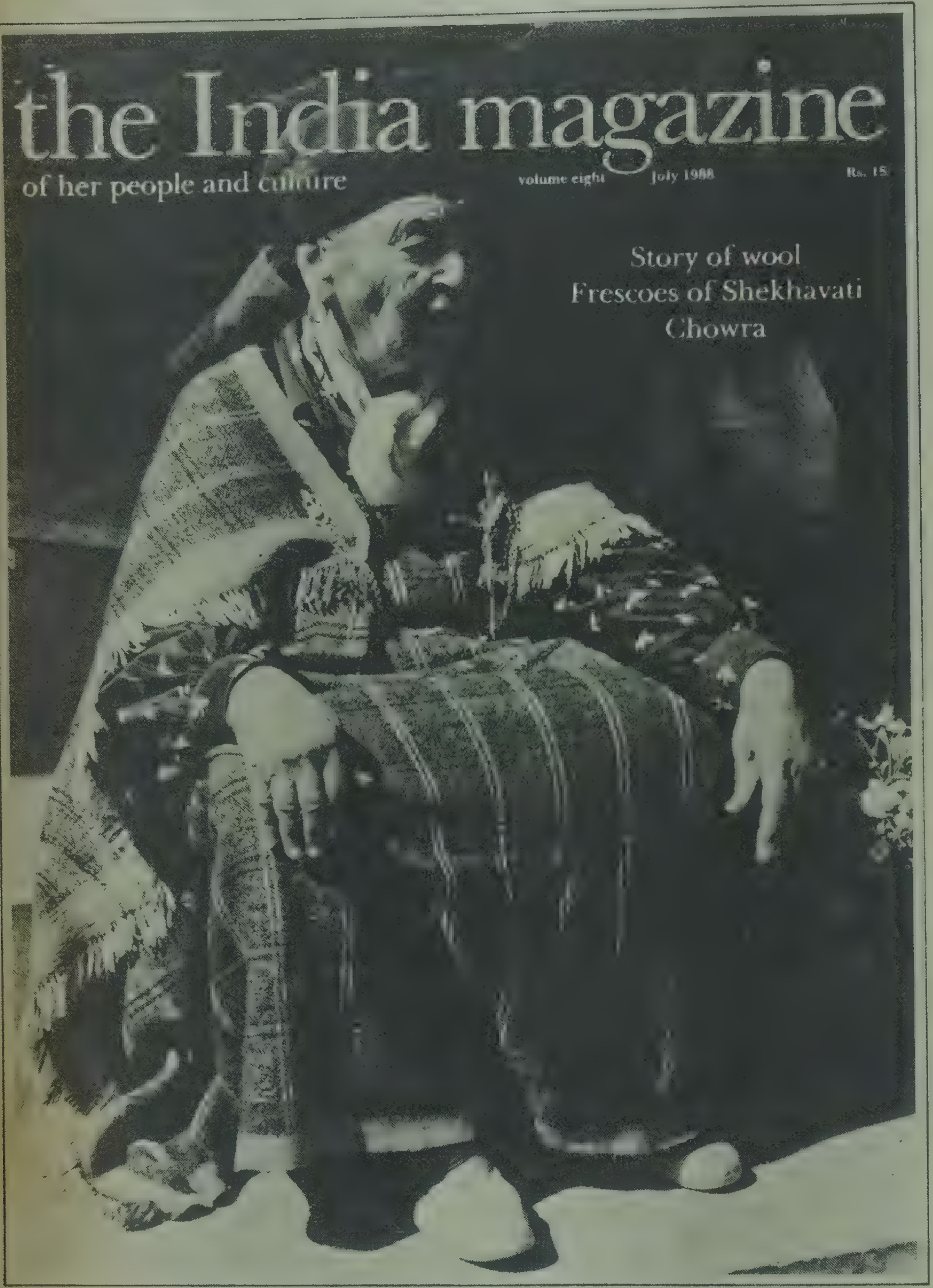
Today automatic machines are replacing the traditional ghanti *(top left).*

The end product — glittering diamonds, for ever



Pictures by Pankaj Desai

THE DISCOVERY OF INDIA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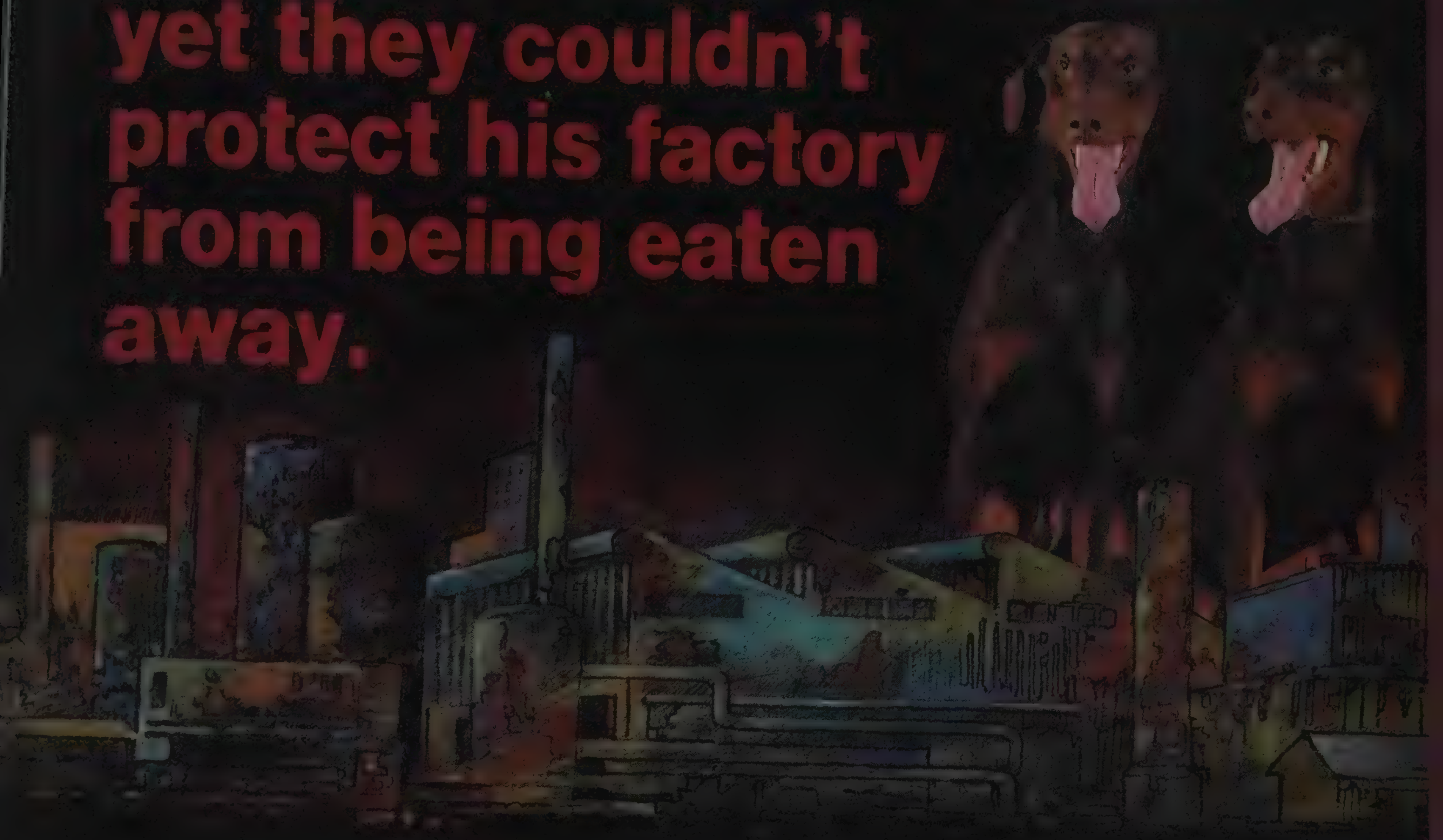
Mr Kapoor had 8 Doberman Pinschers, 10 armed guards and a 22 foot high wall... yet they couldn't protect his factory from being eaten away.



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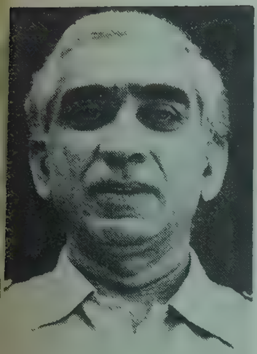

ASWANT SINGH

Bofors again

We owe a collective debt to the *Hindu*, for an outstanding act of journalism. I refer to their latest revelations on Bofors which have yet again, underlined one simple reality: in the field of arms procurement this is the greatest scandal since Independence. The irony of it is that the more desperately our government attempts to shake itself free of this miasma of corruption the more obstinately it sticks. When, therefore, our prime minister made his latest effort, on the occasion of his 25th attempt at cabinet-making, he volunteered some very original comments; of astounding illogic and numbing triviality. He said, in essence, that firstly, these documents establish that "no politician is involved" in the payoffs; then secondly, that the *Hindu* report "corroborates" (an incredible assertion this), the findings of our Joint Parliamentary Committee; and finally, that as these documents are, according to his information, based on the Swedish Public Prosecutor Ringberg's report, therefore, there ought to be no doubt about the conclusions, because Ringberg, Rajiv has suddenly discovered, holds a position of autonomy. This new-found enthusiasm about the credentials of the Office of the Chief Public Prosecutor, in Sweden, is truly mindboggling; because in all these many months when he (Ringberg) was conducting his enquiry, not once did our Joint Parliamentary Committee either assist him or seek his co-operation. Indeed, our government went so far as to actually decline to co-operate with him when he specifically sought such assistance.

The government's case had four principal planks: That there are/were no "middlemen", "agents" etc; that as these do (did) not exist, therefore, no "commissions" have been paid, ("only winding-up costs") and, finally, because no "commissions" have been paid, hence (by some curious process of deduction) "no Indians are involved". Which being the case, of course, "no politicians are" ditto; so QED. Very dubious logic here somewhere. Of these, the first three stand shattered beyond repair, and if our government's track record is anything to go by then the fourth, about the "politicians" is also about to expire very soon; for whatever Rajiv Gandhi denies, comes uncannily to happen, in time.

Let us examine this a bit more. It now stands established that Bofors had "agents". These were, Svenska Inc, Moineau SA (Pitco/Moresco) and, A&E Services Ltd. It is also, by now clearly established that these three "front" companies had three operators, namely: Messrs. Win Chadha, the HIndujas, and Major Wilson respectively. Further, that these three "agents" received "commissions" amounting to Rs.64 crores, and did so until March 1987. In all probability, they would happily have continued forever, had Swedish radio not raised an alarm in April of that year, which our prescient government had then promptly dubbed as "false, mischievous and baseless". What remains to be established is the eminence-grise of these companies. In which context we must record that Bofors are not such dim-witted ninnies as to part with 64 crores of goodies to second rankers.

Now that we know not only the names of the companies and the individuals but also the banks, indeed, in some cases, even the account numbers, it ought to be easy for our government to act. Afterall, had not our prime minister bravely announced "give us the evidence, not the proof"; "for heaven's sake, just show us the direction in which to look" and we will nab the culprits! So what has it done when given "evidence" and the "direction in which to look"? It has ordered a whole new line of wholly irrelevant, and superfluous, investigations. If Rajiv Gandhi chooses to engage in evasive, obfuscatory and time-wasting tactics, well then, he shall have to pay the political price for it, of which Allahabad is but the first instalment. One elementary step it could by now have concluded — a treaty with Switzerland which would enable us to break through their barrier of bank secrecy laws.

This sorry catalogue of our government's misconduct points to some very uncomfortable deductions. Has our government actually got something to hide? If it has not, then why has it not charged Win Chadha and the Hindujas for offences about which there exists overwhelming evidence? Or is it that the HIndujas are innocent? In which case why does not the government categorically say so? Or is it that a close scrutiny of the Hindujas' affairs might prove to be too embarrassing for our rulers? Which then leads to a mortifying conclusion: our country is no longer actually being governed by Rajiv Gandhi and his rag tag band of followers. They, and in consequence we, are being held to ransom by a motley mix of arms peddlers and international fixers. This is totally unacceptable. Afterall, the political fortunes (or misfortunes) of a single individual are, by and large, a matter of interest only to that individual. When however, such individual difficulties become the collective embarrassment of the nation, and the entire decision-making process of our government is brought to a standstill, then it can hardly be a matter of indifference.

So what sage counsel can we offer to these beleaguered incompetents? Few borrowed words, containing an ancient truth: "In politics, as in most forms of disputation, it is a good rule of thumb that the greater the efforts to colour truth with convenience, the more starkly the bones of the question will stand revealed" in "black and in white".

e author is a
ember of Parliament

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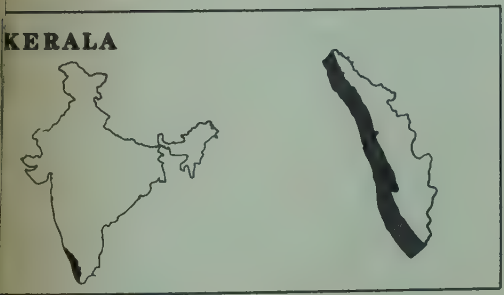

Caught in the cashew crunch

About a year and a half ago, the Left Democratic Front rode to power in Kerala on the rhetoric of a winning manifesto whose most important point for the cashew-rich southern district of Quilon was the promise to re-introduce monopoly procurement of raw cashew nuts. In January the new government kept its word, but monopoly procurement is turning out to be no cakewalk. Incensed cashew exporters refused to buy and the Kerala government quite literally found itself buried under a growing pile of raw nuts. With political pressure mounting and workers growing restive, industry minister K.R. Gouri had no option but to declare on 21 June a takeover of 35 private factories. These together employ over 30,000 workers during the peak eason.

The present crisis came to a boil when private processors refused to lift the raw nuts that the government had procured rom growers through the Cashew Workers Apex Co-operative Society (CAPEX). Meanwhile, about a dozen meetings between Gouri and Quilon's ashew bigwigs failed to yield any results. By the end of June the government had ollected 62,000 tonnes of raw nuts. Of his, 21,000 tonnes were lifted, mostly by mall and medium processors.

The bigger processors refused to touch he nuts because, they claim, the government's terms are unworkable. Both price nd quality are stumbling blocks. The overnment's price of Rs.11.50 to Rs.14 a g is unrealistic, given current world market trends, say private exporters. ouri, however, is peeved that they are oing a blatant about-turn on prices hich were fixed in consultation with them. She is determined not to give in nd deny growers a good price.

The big guns in the cashew trade in uilon agree that they were consulted ut they argue that the price range of s.14 to Rs.16 per kg was fixed in early February when world market conditions were robust and looking up. Since then prices have become sluggish, they claim. At any rate, they say, as in any international commodity market it is very difficult to fix a reasonable price in advance.

Gouri chided factory owners for demanding more concessions, viz, exemption from purchase tax, reduction of handling charge from Rs.1.50 to 50 paise a kg, and stopping the payment of minimum bonus to workers. Further, they wanted to pay only 75 per cent of the price in cash. The private factory owners, however, say that these were merely informal suggestions for a compromise formula put forward by their lawyer in the Supreme Court case against the Monopoly Procurement Act.

The private trade is unhappy with the quantities of raw nuts allotted to each factory, based on labour strength. The lower levels are no incentive to the more efficient factories. Consequently, their total output is reduced. One major processor who exported about Rs.40 crores worth of kernels last year, needs about 10,000 tonnes, but has been allotted only 3,000 tonnes.

There is little unanimity, however, among Kerala's cashew exporters about monopoly procurement. The 150 or so smaller ones and the co-operatives are certainly satisfied. They can now hope for at least a small quantity of raw nuts whereas earlier the bigger factories grabbed most of the produce.

One point on which there is no argument is the poor quality of nuts procured by the government. These have not been dried well and unseasonal rains have compounded the problem. Proper drying is pivotal to quality. Nuts from Quilon have a moisture content of 17 to 18 per cent, while those from the northern districts of Cannannore and Kasargod have 12 per cent. The moisture content of dried nuts should ideally be 8 per cent and should never exceed 10 per cent. But the Kerala government's inferior infrastructure and lack of experience have not allowed it to do a thorough job of bulk drying.

Private processors had suggested that the government supply them raw nuts so that they could do the drying in their own yards. But the government rejected this request, fearing a manipulation of quantitites and quotas.

Clearly, a takeover was the only option left for the troubled Gouri. Even though the government has fixed 7 July as the deadline for factory owners to represent their case, it is unlikely that there will be any protest. The owners themselves have been asking the government to run the factories and give their workers employment, since they find current procurement prices unviable. In fact, they have offered the factories rent-free. This of course, might be a clever ploy to take the wind out of the government's sail.

The present strategy of the cashew kings is to lie low and not irritate the LDF government. They are also chary of a repeat of the 1977 monopoly procurement when many of them ran up huge debts due to the unworkable prices that were fixed. At any rate, they feel that since the current season is already lost, there is little point in antagonising the government.

Further, despite strong family links there is no solidarity or unity amongst Quilon's cashew exporters. With each one out to grab a bigger slice of the world cashew trade, it takes a major crisis like the present one to shake them into some semblance of a common front. But by the time this season ends, they would have lost a lot of goodwill with their international customers.

Most of the big shots in the business can afford to sit back and watch the government grapple with monopoly procurement. Reportedly, almost all of them have factories outside Kerala which use imported and smuggled raw nuts. Although the output from these is only a fraction of their total, it is enough to give them breathing time.

As for the Kerala government, the takeovers seem to be the beginning of more trouble. According to Gouri, it has already paid Rs.76.57 crores to cultivators for the nuts procured. The government needs much more money, but the consortium of public sector banks which had promised to advance Rs.20 crores to CAPEX has released only Rs.9.2 crores. Another Rs.5 crores has been released by the Kerala State Co-operative Bank. Gouri accuses the nationalised banks of succumbing to political pressure from the Congress(I) whose motive is to defeat the monopoly procurement scheme. If one exporter's experience is any indication, there seems to be some truth in this charge. He was offered Rs.1 crore by a prominent nationalised bank — but only for operations in Tamil Nadu, and not for his cashew factories in Kerala.

The Kerala government is desperately in need of cash to see the scheme

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hrough. It already owes over Rs.40 crores o the co-operatives which supplied the uts. In all, the government will require bout Rs.60 crores immediately. For ash-starved Kerala, hemmed in by unsympathetic bankers, where the money is going to come from is anybody's guess. And if it hopes to save its stocks of raw nuts, it must process them very very fast, before they deteriorate.

Though the government claims that monopoly procurement offers growers a better price, this is not uniformly true. Some areas fetch as little as Rs.5 to Rs.6 per kg (compared to last year's average of Rs.15). Further, many co-operatives have had to supply on credit. Therefore, smuggling nuts across the borders, especially o the north, is more profitable for growers.

The workers in the cashew processing ndustry are the ones happiest about the government takeover. The government vill have to run these factories, even at a uge loss. Work is therefore assured this ear for over 100,000 workers. (The Kerala State Cashew Development Corporaion — KSCDC — employs about 30,000 vorkers in 34 factories and CAPEX, about ,600). And with statutory minimum vages, better bonuses and benefits, these vorkers might not want their factories to evert to private management next seaon. For the LDF, the political profit may ffset commercial losses.

Undoubtedly, the coming months will ring more anxiety than profits for the erala government. The KSCDC, ever truggling with losses, has a poor reputaion and despite a seasoned and very vell-informed trade union leader as hairman, it cannot expect to match the arketing savvy of the private exporters. f, however, the government can rustle up ome funds fast to import large amounts f raw nuts cheap, from say, Brazil, then it an make a killing in the international arket and plough the profits back into e monopoly procurement scheme.

This is, of course, easier said than done. he international market is today domiated by one American multinational, JR Nabisco, which is the world's single rgest consumer of cashew kernels. The ompany has been gobbling up factories Brazil for its famous "Planters" brand. abisco can make things pretty hot for e Kerala government.

The government's timing in introducg monopoly procurement has also been d, though it had little choice. Last time ound, Brazil's presence in the world market was negligible. Today it is a major force, having increased its production of nuts from 40,000 tonnes in 1976 to 150,000 tonnes in 1987. This year it is expected to touch 140,000 tonnes, not far behind India's 210,000 tonnes. International consumers need no longer look towards India when Brazil's nuts are available. Brazil also happens to be far closer to the US market.

The other factor that has upset the government's timing is Russia. Before 1982, it had been buying 18,000 to 20,000 tonnes of cashew kernels each year from India.This has dwindled to 3,000 in 1987. Gouri might soon have to use her Marxist clout to urge Russia to enter the market in a big way.

Nevertheless, the Kerala government is almost sure to lose about Rs.15 to Rs.20 crores this year in the cashew business. Whether it will buck up and do better next year will depend on its own organisational and managerial skills — and the designs of the cashew supremos of Quilon.

■ K. G. KUMAR

Will the rains fail again?

Rajasthan has been in the grip of a severe drinking water crisis, the worst in the last hundred years. But the state government has no concrete plans to avoid a recurrence. The present situation could have been considerably mitigated if the authorities and the politicians had joined hands to solve the problem. Putting the entire blame on the failure of the monsoons amounts to sidestepping the real issue, according to observers.

If the rains fail again this year — for the fifth time in succession — the consequence, both for the human and the cattle population would be unimaginable.

According to senior engineers in the Public Health Engineering Department everything depends on the rains, and if the rains fail this year, they have no contingency plans. The faith that PHED officials place in the 'rain god' is touching; nevertheless observers are firm that the time has come when a comprehensive plan should be prepared to meet the drinking water requirement — regardless of the behaviour of the monsoons. Water will have to be brought from a long distance to meet requirements and in these efforts there should be no let-up as has been the case with laying the pipeline from the Indira Gandhi canal in the western region to Jodhpur. The lack of resources cannot be held out as an excuse.

Rainwater will have to be stored for drinking purposes by building dams but until now nothing has been done. Jaipur's problems, for example, could be met if the water of the nearby Banas river is stored. At the moment, Jaipur is passing through the biggest crisis in its history with people living on scanty supplies.

In Udaipur, Ajmer, Kishergarh, Beawar, Jodhpur and Pali the position is even worse. In Ajmer, water is supplied once a week and, irony of ironies, in the lake city of Udaipur the water supplied is sub-standard. In Pali, a few days ago, contaminated water resulted in several deaths.

Due to the failure of rains for four consecutive years the water level in wells has gone down by 40-50 feet. In many of the wells there is no water left to be drawn out. If the situation is to return to normalcy the state must have adequate rains for at least three years.

The ground water in the state is generally located very deep and is saline with a high fluoride content. Surface water resources are meagre. While the state accounts for 10 per cent of the total area of the country, the surface water area is less than 1 per cent.

During the current year, a sum of Rs.170.57 crores will be spent on arranging drinking water in both urban and rural areas of the state. Considering the seriousness of the problem this is a paltry sum. Last year the government spent about Rs.455 crores on meeting the drought situation; if the entire amount had been spent on devising a permanent solution to the drinking water problem the picture this year might well have been different, say observers.

■ M.P. JAIN

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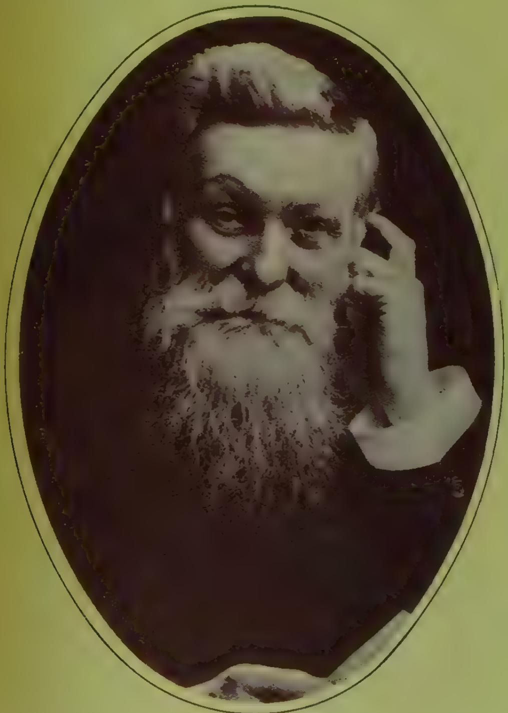

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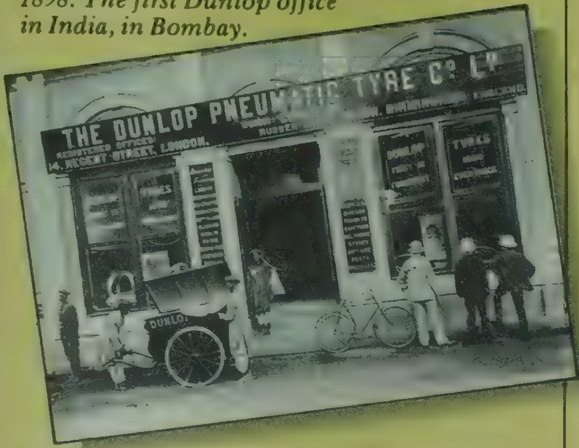
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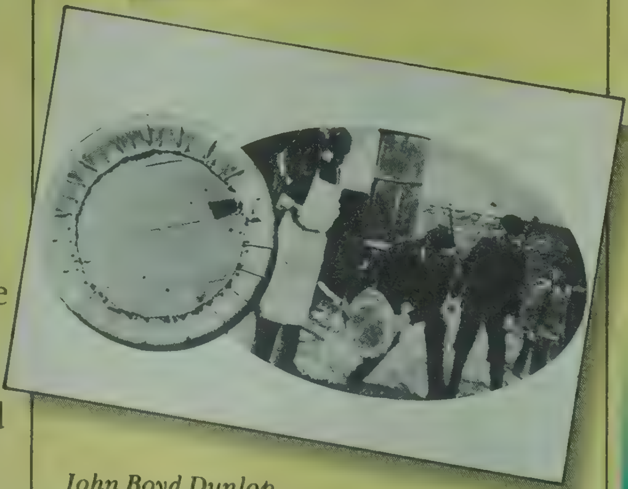
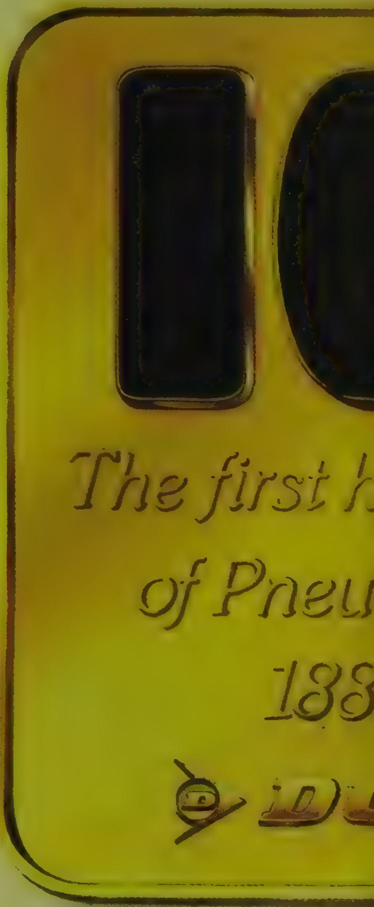


John Boyd Dunlop testing the first pneumatic tyre.



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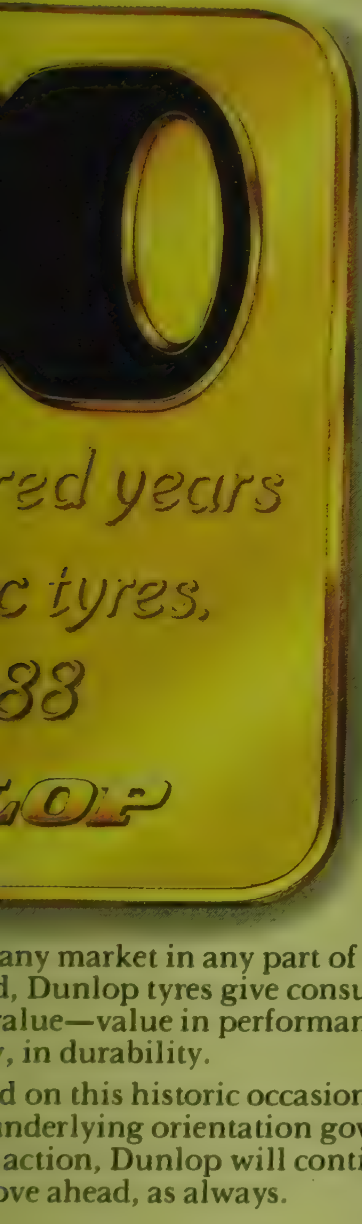

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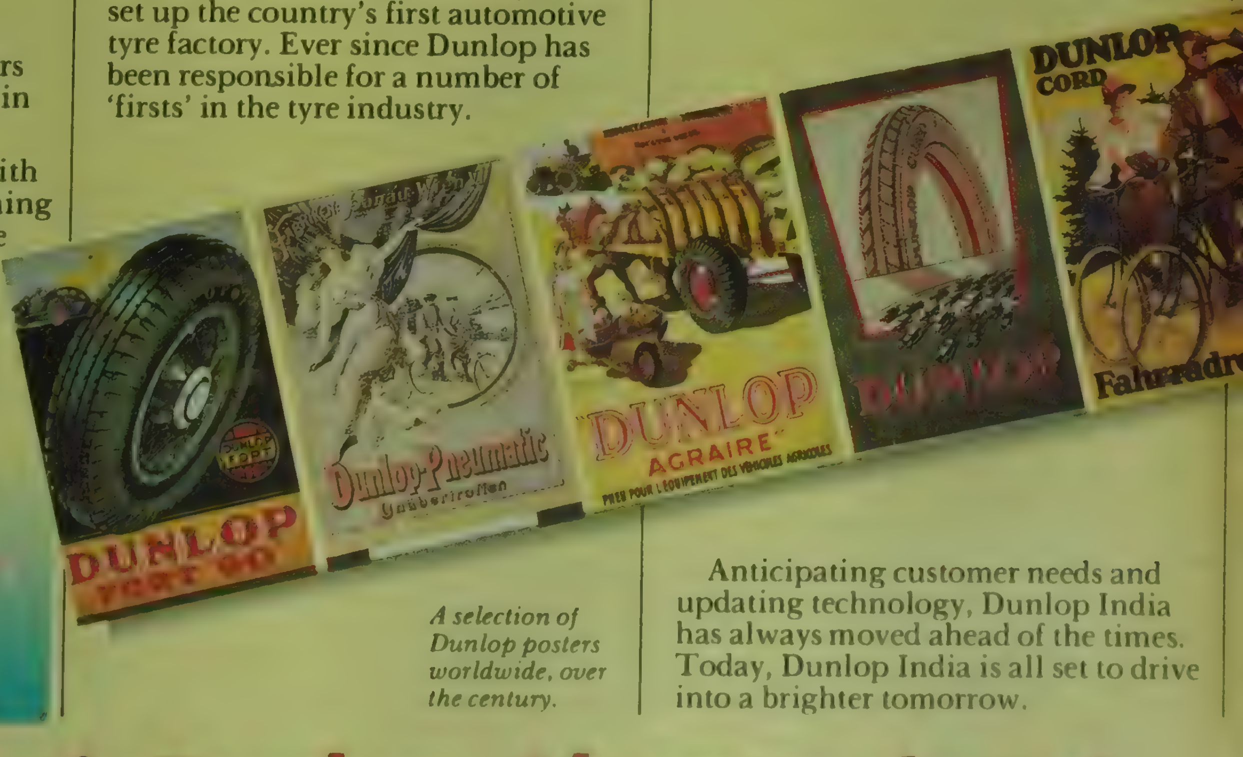

A selection of Dunlop posters worldwide, over the century.

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PARTHA S. GHOSH

INDIA TOWARDS THE 21ST CENTURY

Rising with the Pacific tide

Having weathered 40 years of independence, India is now at the crossroads. Unfortunately, however, our leaders have viewed the Indian economy as being at the crossroads for the last 10 years and yet very little has changed. In the process, the meaning of the word "crossroads" has lost its significance. We have talked of economic reforms and liberalisation, but to the common man, entrepreneurs and bureaucrats alike, it seems that very little in our cities and villages has really changed. In fact, during the last decade, when several East Asian and Pacific economies have enjoyed double digit growth rates in their industrial output, we have only recorded 5-7 per cent growth making us fall several notches in terms of socio-economic well-being. And compared to 10 years ago we have more frustrated skilled people and more poverty.

Yet, when one views the latent strengths and hidden resourcefulness of the Indian economy, one is convinced that if our political leaders, government bureaucrats, and business leaders are willing to analyse the fundamental forces, the biases that hold us back, and take a few well-chosen bold and powerful steps to get rid of them, then economic reforms, innovation in the corporate world, and continual improvement of work ethics will become a way of life in India. We would then be well poised to switch to the new positive economic cycle, and double digit annual growth will become possible. In the last decade, big countries like China, medium-sized countries like South Korea and Taiwan, and small countries like Singapore and Hong Kong have all demonstrated that double digit annual growth rates can be sustained over a 10-15 year period. Why not India?

It is a discontinuity that we have to create and manage as to our basic economic philosophy and principles, the way we relate with the external world, how we define and execute economic strategy, and most important, how the governments, central and state, work with each other and with industry as the partners of progress. Discontinuous change, as opposed to incremental change, requires people to work with a different framework,different assumptions, philosophies, systems and most important, work ethics, such that old biases do not interfere with the "new game plan". The reason we have remained at the crossroads for so long is that we have talked about the new without really discarding the obsolete; and the obsolete, just by virtue of being ingrained in our day-to-day life, has always been successful in killing the new thinking, or if not killing it, then modifying it to suit the old values.

We cannot delay any more. Other countries are indeed marching ahead. Today, leaving aside China, ASEAN, Asia, NICs, advanced countries have started taking an interest in Vietnam which may soon overtake the level of interest people outside have generously maintained in India and its products. Accordingly, a four-point formula for the consideration of our leadership comes to mind. The economic and political status India has enjoyed 40 years ago as Asian leader has been steadily lost, first to China, then the four tigers and then to ASEAN and more lately to China. Vietnam, Sri Lanka and Bangladesh are soon going to race ahead unless we address a few fundamentals.

1. Rethink macroeconomic philosophy: The concept of self-reliance has been misapplied as a "do-it-all" philosophy. In today's capital-intensive world, where technologies have life cycles of two to three years, it is impossible for us to develop and sustain all technologies ourselves. We have to find ways to learn from others in an organic fashion so that we can grow in interaction with more advanced economies. The term "self reliance" was coined about 50 or 60 years ago. Taken at face value, it has limited significance in today's world which is so different. We have either to coin a new term or interpret the meaning of self reliance in a more practical fashion. If it is a new term we are looking for, we may want to choose one which emphasises "beneficial interdependence" or if we want to interpret "self reliance" differently, we should view the term as meaning "self confidence"; that is, we should, based on clear fact-based analyses of our comparative advantage, develop the confidence in marketing our skills, products and services worldwide, in turn creating massive employment opportunities in those selected areas and buy from the world what we require to buy, thus sparking domestic economic development.

2. Establish strategic linkages with the world, particularly countries in the Pacific region. In relating to the world we have to think of several dimensions: (i) our products and services; (ii) our source of funds, human "intellect" and technology; and (iii) the vitality of our partners. Given the current dynamics of the global economic system, Asia-Pacific clearly should be of major significance to us. The vitality of the region, increasing consumption power, favourable trade balances and, above all, experience with what may be called "grassroots technologies" and "social engineering" should all be exploited to India's benefit. India must find ways to interlock with the Pacific region and thereby

The author is a Principal, McKinsey & Company, Tokyo, Japan.

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imbibe the successful socio-economic experience for our own growth. Many opportunities exist which are untapped today. We should carefully study the graduation process of economies in the Pacific and try to determine areas where we should displace the existing players as they graduate from one stage of development to another. For example Korea's dominance in the footwear industry may not last as Korea enters developed country status. Is this phenomenon an opportunity for us? Could we beat China in this industry as it develops it textiles and leather goods?

3. The countdown towards the year 2000 AD should be based on selectivity and supported by bold moves. We have to act fast to be able to exploit the above opportunities. Our delivery system for the strategic sectors has to be so designed that we are competitive in our chosen markets; and decision-making systems should be such that we are responsive to global economic forces, competition and consumer requirements. We should think of adopting zero-base approaches for specific elements, for example, approvals for start-ups, expansion, banking procedures as opposed to modifying the existing approaches, which will not only make our businesses efficient but will also motivate them to experiment with new ideas. The whole area of capital markets needs to be reframed. The infrastructure needs to be retailored for our industries to secure global competitiveness. Particularly Indian capital market fundamentals need to be reviewed in the context of increasing the competitiveness of thrust sectors in global markets and also in the light of developments in the TRIAD capital markets. Do we have a bold strategy for attracting Japan's $ 30 billion recycle funds?

4. Collaboration between industry and government is the key. The government, in collaboration with industry must work to remove bottlenecks from our economic systems. The current adversary relationship has to be erased and new "partnership" arrangements have to be established. We have to have working arrangements of "dos" and get rid of "dont's".

In short, our "will" to adopt new economic principles (supported by systems that work and are efficient) to "win" the world, by carefully choosing our weapons (ie, our products and services) and battlefields (ie, consumer countries) could indeed make our next 12 years very different. By the year 2000, US $ 1,000 GNP/capita is possible if we work together on a few of the ideas discussed above, and are bold enough to face the real issues independent of the political forces and processes. An economic system decoupled from politics, will be the most important requirement. We also need to adopt a decentralised process with clear "economic accountability".

the India magazine
of her people and culture

If you have missed some of the back issues of **the India magazine** and would like to order them to complete your set, fill in the coupon alongside and send it to our editorial office in New Delhi.

You can buy these either as individual copies or sets of copies. In addition complete leather-bound sets, with elegant lettering on the front cover are also available, making attractive additions to any library shelf.

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the India magazine
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ANNOUNCING THE SPARTEK STUDY ABROAD CONTEST

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If you're a student, especially one studying Architecture, Fine Arts or Civil Engineering with that extra-special thing called 'imagination' – here's your chance to make it big.

All you have to do is design a living-cum-dining room and a kitchen of a total area of 500 sq. ft.... using Spartek Tiles. (Shape and space allocation are left to your discretion. Drawings can be made to reduced scales)

And fly away with...

An International Scholarship of Rs.1 Lakh!

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Here are some rules and regulations to adhere to:–

☐ A graduate or post-graduate student in any year, can participate. A student can send any number of entries.

☐ Entries should be accompanied by a certificate stating that the work is original and created by the student.

☐ Entries will become the property of Spartek and will not be returned.

☐ All entries should be in the size of 14" × 19". They should be in colour (any paint medium).

☐ Details of Spartek Tiles can be obtained through leaflets from your College, or any Spartek Dealer.

☐ The name and address of the Spartek Dealer visited, should also be stated in the entry.

☐ The competition is divided into 4 zones.

☐ One of 4 zonal finalists will bag the international scholarship. The other 3 will be awarded the zonal scholarships of Rs. 10,000/- each.

☐ Decision of the Judges will be final and no correspondence in this regard will be entertained.

☐ Last date for receipt of entries with all requisites is 31.7.'88. Entries should be mailed by ordinary post to: **Spartek Ceramics India Limited, 52 Chamiers Road, Madras 600 028.** Superscribe 'Spartek Study Abroad' Contest and your name and address on the envelope.

Special Information

☐ The scholarship amount of Rs. 1 lakh for the final winner, will be given in Indian currency only, to be used during the first year of study abroad.

☐ The scholarship amount of Rs. 1 lakh will lapse at the end of 3 years in case admission to a university abroad has not been obtained.

☐ The responsibility of admission to the foreign university, VISA, RBI clearance/Exchange permit, etc. is entirely that of the student.

☐ The prize-winner will receive the scholarship amount on obtaining his VISA, RBI permits and Foreign Exchange clearance.

☐ On producing a written undertaking, Foreign Exchange can be drawn against the RBI permit at the Bank/Dealer approved by Spartek, within 72 hours, prior to departure abroad.

☐ In case the winner has not secured admission, he/she can avail of the prize-money for studies abroad, within a period of 3 years, from the date of announcement of the award.

☐ Prize-money is subject to taxes wherever applicable.

☐ Employees of Spartek and Lintas: India and their relatives, are not eligible to participate in the contest.

- **Absolutely no entry-fee!**
- **Details of Spartek Tiles available at your nearest Spartek Dealer.**

Last date for entries: 31st July 1988!

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India's largest selling ceramic floor tiles.

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LOWERS

With love, from India

planeload of India's most colourful mbassadors will soon be crossing the even seas daily. These 'emissaries' will mark India's first significant foray into he international flower market.

The project, backed by the All India cheduled Caste Development Cooperative Society (ASCOS), will mean the export of flowers to Holland, the land of owers, itself, from where they will be uctioned and air-lifted to countries in he US and Europe. All this is to be done t lightning speed (see box) because of he highly perishable nature of flowers.

The nerve-centres of this project will be ocated near Bangalore airport at Kannenangla and Kunigal 80 km from Bangalore city. Much of the activity at the irst centre will be concentrated in a gigantic glass house to be spread over 50 acres. At Kunigal, 519 acres have been eased by the Karnataka government to ASCOS.

ASCOS has signed a memorandum of nderstanding with certain Dutch cooperatives. The latter will buy the entire produce of cut flowers. These co-operatives have donated a Rs.6 crores glass house to the project.

According to Yogendra Makwana, former Union minister of state for agriculure, who is now intimately connected with this project, roses, crysanthemums, asters and carnations will be cultivated in he most sophisticated conditions. For the first time, a tissue culture laboratory is also being set up, he says. So far only feeble attempts have been made to explore the Middle East market for cut flowers. He said Rs.34 crores will be invested in the current project, which is expected to generate Rs.50 crores annually.

Makwana says that finance had been the main obstacle for ASCOS. Now however, the AMRO Bank of Netherlands has agreed to provide Rs.200 crores for ASCOS activities at a reduced rate of interest on two years' moratorium.

Half the profits of ASCOS will be used for the education of scheduled caste (SC) children, another 15 per cent for the welfare of the SC community, 20 per cent will be set aside as reserve fund while 12.5 per cent will be declared as dividend. At present, ASCOS members are spread out in 11 states. Members from other states will also be gradually enrolled.

L. Hanumaiah, joint director (planning), Department of Horticulture, government of Karnataka, says that while vegetable production started in March, the export of cut flowers is expected to commence from September this year. At Kunigal, he says, the project will be aided by the biggest and first — it is claimed — drip irrigation system in India. About five borewells have already been sunk and many more are being planned. The whole operation is computerised to the extent that the computer will also decide how much water each plant needs.

Hanumaiah regrets the fact that no one in India appreciates the potential of the international market for cut flowers. Despite the fact that the market is estimated at a staggering Rs.16,000 crores a year, India's share fluctuates between Rs.40 lakhs and less than Rs.1 crore. Even though India has the advantage of cheap labour and ideal weather conditions, infrastructural inadequacies and lack of an organised effort have been the main bottlenecks.

In this dismal situation, there is only one exporter who has succeeded in making a dent in the world market. Manohar Atavar, of Indo-American Hybrid Seeds, has achieved US $70 million through exports. This 22-year-old company has built up an excellent infrastructure and has made inroads into the world market. Its products however are limited to seeds and foliage plants.

P.B. Sikdar, managing director of ASCOS, hopes that Kunigal will become a tourist spot in a year's time. He says quality vegetables from there will be frozen and despatched to countries like South Korea and Japan. And, if everything works out on schedule, the world will soon be saying it with flowers — from India.

■

SRINIVAS RAJU

The Dutch story

Floriculture has been a mainstay of the Dutch economy for generations. Holland has the biggest area covered by glass in the world. Every year, 5.5 billion cut flowers, and 300 million potted plants are cultivated on a total area of 4,000 hectares (10,000 acres).

Most of the growers in Holland sell their produce through auctions. Presently, there are 12 auction houses in that country, affiliated to VBN in Netherlands.

By 5 a.m. flowers and plants are delivered by growers to the auction houses. After inspection, these are automatically transported on trolleys to the auction room where the dealers sit. The market buyers, shopkeepers, exporters and wholesalers listen, via earphones, to information on the plants and flowers for sale. The price to be paid by the dealers for the products is determined by a large auction clock opposite their seats. The buyers stop the hand of the auction clock by pushing a button, which one must press as quickly as possible, to secure a lot of flowers before another party bids. Generally, the flowers that are auctioned in the morning are in the shops by the evening.

Three quarters of the flowers and plants auctioned are exported. Holland is by far the largest exporter of flowers and plants, with an export value of around 2 billion Dutch guilders approximately (£445 million). Everyday, a planeload of Dutch flowers are sent to the US. A growing proportion also goes to Finland, Greece, Spain and countries in the Middle East, besides Japan, Taiwan and Singapore. Several other countries catered to by Holland in a big way are — West Germany, France, Belgium, England, Switzerland, Austria, Italy, Denmark and Canada. During winter, Holland receives flowers from Israel, Singapore, Thailand, Italy, France, Colombia and the US.

Area and production of commercial flowers in Karnataka

Crop	1986-87 (provisional) Area (Hectares)	1986-87 (provisional) Production (Tonnes)
ROSES	769	1,823
CHRYSANTHEMUM	1,445	7,225
TUBE ROSE	610	4,643
ASTER	432	3,240
JASMINE VARIETIES	2,262	11,310
CROSSANDRA	610	1,830
MARIGOLD	1,240	9,300
CHAMPAKA	347	1,735
OTHERS	358	1,790
TOTAL	**8,082**	**42,996**

Source: Annual Report (87-88) Horticulture Department, Government of Karnataka.

SUMMER IN THE CITY, AND IT'S REALLY COOKING. JUST GETTING ACROSS TOWN IS A STRUGGLE
AT LEAST GETTING AWAY WILL BE A BREEZE. I CAN'T WAIT -- SINGAPORE AIRLINES BUSINESS CLASS

"GONE WITH THE WIND"
20 CLASS A CIGARETTES
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CIGARETTES
AMERICAN BLEND
STATUTORY WARNING
CIGARETTE SMOKING IS INJURIOUS TO HEALTH

Photograph courtesy United States Information Service.

In The Great American Tradition

"Gone with the Wind" is almost a lesson on how to create a legend. A nationwide hunt for Scarlett O'Hara resulted in the emergence of a luminous new star – Vivien Leigh. Matinee idol Clark Gable was inspired to give his most sensitive – and memorable – performance ever as the tough, yet tender, Rhett Butler. And "Gone with the Wind" went on to become the biggest all-time box-office hit in cinematic history – a position it holds even today.

Chesterfield is heir to the same tradition of meticulous craftsmanship and attention to detail. Experience the full, rich taste, mellow with subtle flavour. The truly smooth, satisfying draw. You'll agree that a cigarette of such rare distinction is perfectly in keeping with the great American tradition.

Made in India by Godfrey Phillips India Ltd.

J.C. PENNEY

Indian sellout

"Fashion influenced by culture, unrestrained clean and simple" — that was what they were calling the Indian merchandise on view in 715 J.C. Penney stores throughout the US for three weeks starting 15 May. It was the biggest ever one-country merchandise promotion in the world by a large departmental store chain.

Soon after the exhibition, Harvey McCormick, director of corporate affairs at J.C. Penney Company stated, in a message to Air-India's New York office, "Expedition: India was extremely successful and merchandise was completely sold out, including display items." Healthy sales were evident right from the beginning. Said Ken Zaletsky, special projects manager at J.C. Penney, Danbury, Connecticut, at the end of the first week, "Several items are doing very well and in several stores here and New Jersey the ladies cotton apparel has been moving very fast."

The scale of operations of Expedition: India, as it was called, organised by Penney with the active participation of Air-India, the government of India and the tourist office was gigantic. More than 175 separate contracts were awarded to Indian suppliers routed through Banaras House, Penny's Indian agent. The total value of the merchandise was US $ 110 million (retail price). This included fashion apparel, accessories for women, men and children and home furnishing materials. More than 50 per cent of the merchandise brought in was women's apparel, jewellery and shoes.

At the various stores, Penney employees were given 20,000 scarves, 70,000 special associate badges, 11,000 stickers, 120,000 tags, 13,000 sheets of stationery and 13,000 envelopes as promotional material. Between 15 May and 3 June, 30 and 60 second television commercials were broadcast at prime time to an audience of 162 million people. "Not to forget the eight plane loads of merchandise that Air-India flew in 747s from India to New York," adds S.K. Sehgal, cargo manager, Air-India, New York.

More important than these figures, is the fact that Expedition: India was perhaps the first serious attempt to take to the American market the diverse range of Indian apparel and furnishings. "We have finally hit the right store at the right time," observes Leela Nadhan, regional director for the Americas at the government of India tourist office in New York. "Importers here are beginning to understand Indian exporters," she adds. And about time. The earlier promotions with Bloomingdales (1978), Dayton Hudson (1979), and Bullocks of Northern California (1980) turned out to be limited — a handful of outlets of small chain stores. These American stores were testing the market rather than promoting Indian goods.

"Most of these promotions were largely aimed at the affluent American who visits museums and is culture conscious. Expedition: India is the first attempt to reach out to middle America," says Mahendrasinhji 'Chota' Chudasama, public relations manager, Air-India, New York.

At the Expedition: India inauguration on 15 May, in Dallas, Texas, were present heavyweights from J.C. Penney — a committee comprising well-known American businessmen — and representatives of Air-India, Trade Development Authority (TDA) of India, Welcomgroup, the Tea Board, ministry of tourism, the Indian ambassador to the US as well as the former maharajahs of Jaipur and Jodhpur. The evening, which was a benefit do for a local TV station, featured a cocktail reception and the "Art of Adornment", an exhibition of Indian costumes for women, loaned by Air-India.

Heavyweights at the "fantasy" evening: William Howell of J.C. Penney (third from left); P.K. Kaul, Indian ambassador to the US (seventh from left); A.N. Verma, secretary of commerce, government of India (fifth from right) and Col. Bhawani Singh, former maharajah of Jaipur (first from right)

Although Penney had worked with Banaras House for about a decade, th business transacted was very poor – under US $ 10 million. Few of the con pany's buyers had ever visited India. was only in 1986 that things began t change, when David F. Miller (vice-chai man of Penney and chief operating office of Penney Stores and Catalog), Marsha Beere (vice-president and director c merchandise for the women's division and Allen Hale (manager of internationa buying programs and export sales) cam to Delhi towards the end of that yea Banaras House and the government-ru Trade Fair Authority of India invited 10 suppliers to set up stalls in the ballroon of the Maurya Sheraton hotel to exhibi their goods for the benefit of the visitors Looking at the sea of merchandise, th three Penney executives decided t break into three one-man teams. Miller reviewed samples of men's merchandise, Beere, women's and Hale, furnishings.

Three members of the company's top management personally inspecting the samples made a signficant difference. New strategies were discussed, keeping in mind Penney's needs and plans.

After the samples reached New York and visitors to a specially created showroom reacted well, it became clear that a major promotion of Indian merchandise similar to Italian, English and American promotions was quite in order.

A very well produced, beautifully pre-

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We are climbing the steps of leadership. Innovation and consistency have always been parallel with our excellent services.

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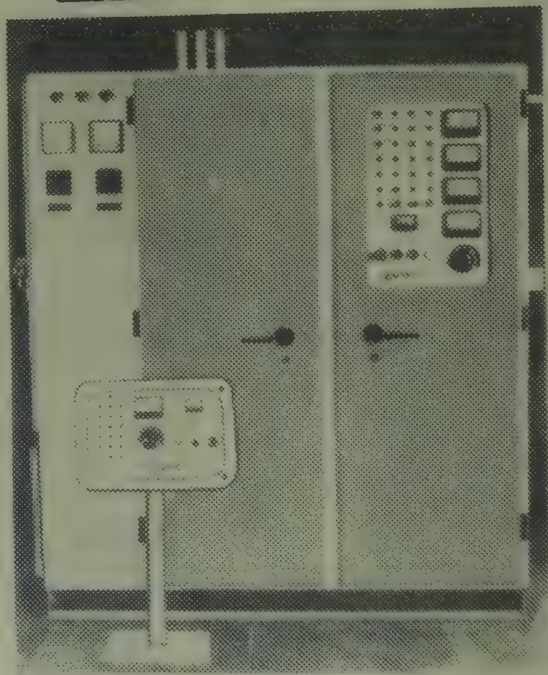

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Projections/ET/4/88

sented and well written publication, "Anatomy of a Promotion", the work of Penney's marketing department, provides an insight into the planning and execution of what is arguably the largest single country promotion by any retailer in the world. To quote from it, "Many areas of the company were polled for their assessments and, while fears of delivery problems and insufficient productive capacity from cottage industries were expressed, the overall response was, 'Let's go for it'. Thinking was that the merchandise was fresh and priced right, with both women's and men's lightweight nature fiber apparel from India ideally suited to a spring promotion."

By the end of January 1987, a steering committee — composed of representatives of the merchandise, international buying, visual merchandising/design, communication, advertising, and publicity/special events departments — was set up. Negotiations started with Air-India and the TDA as a group of 18 representatives of the merchandising and marketing departments landed in Delhi in March.

"As each succeeding team of people returned from India, the enthusiasm for the quality and design of Indian merchandise increased. Quality control personnel were then despatched to see that sizing standards, garment care instructions and other requirements were fully met," observes the Penney brochure. Recalls a Penney executive, "We wondered what we'd name the promotion. Expedition:India seemed to convey the mystery and lure of the country". That decision made, presentation personnel began working on how the stores would be dressed for the occassion.

This was resolved by dressing up a store in New Jersey and then photographing it. This served as a guide. By using video tapes, the communications group at J.C. Penney helped store associates (assistants) get acquainted with the types of merchandise. Soon the volume of orders crossed the US $ 100 million mark — far above initial expectations. A combination of publicity booklets, television spots and newspaper advertisements were finalised, with a budget in excess of US $ 10 million to give Expedition: India the momentum it needed.

Says R.K. Thadani, regional director of Air-India's operations in the Americas, New York, "The concept of promotions is an ongoing exercise. Expedition: India was a way of promoting Indian merchandise and India as a tourist destination. The Penney chain was just the route to reach out to the general masses of the US. There can be nothing but benefit for every component of the tourist industry. One commercial activity leads to another and all this leads to awareness and inquiries for international trade."

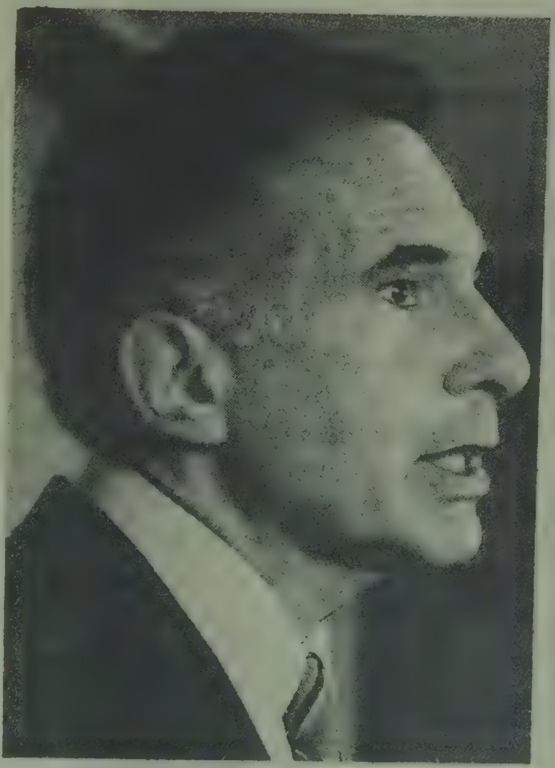
Expedition: India has been a sellout: both for Penney, as well as for the Indian suppliers. If this new route is used well, no doubt Indian merchandise will have found itself a new and exciting destination.

■ BASUDEV DASS

CORPORATE AFFAIRS

TWA

Icahn strikes a deal



Icahn: his money back

In a complex series of manoeuvres Carl Icahn, the New York investor is poised to take control of Trans World Airlines while at the same time getting back most of his original investment. Icahn bought 77 per cent of TWA stock in 1985 for $ 440 million, and now in a leveraged buy-out deal, he will get back most of this money but will end up with 90 per cent of TWA shares. Icahn claims credit for turning around TWA since he took over as chairman. Last year TWA reported operating profits of $ 210 million compared to a loss in the previous year.

INTERNATIONAL LEASE FINANCE

Largest ever aircraft purchase

International Lease Finance of Califor which is just 15 years old and employ staff of only 160 people, has placed world's largest ever order for aircraft. has placed firm orders on Boeing for aircraft with options on 24 more and Airbuses with options on 16 more. If options are exercised, the total p chase value will be around $ 7 billion. already owns 230 aircraft which are lease to 70 airlines, including top nan like Lufthansa and TWA.

BRANIFF AIRLINES

Changing hands

The Pritzker family of Chicago whi owns the Hyatt Hotel chain and also per cent of the shares of Braniff Airlir is disinvesting the bulk of its Brar holding. The Pritzker family bought Br niff in 1983. Due to intense competiti from American Airlines and Delta, Br niff has lost money every year after t Pritzkers took control. The airline is no being sold to a group of investors led Paine Webber, the Wall Street investme bank. Under the new management, t airline is expected to return to profit offering "No frills" cheap flights.

FSLIC

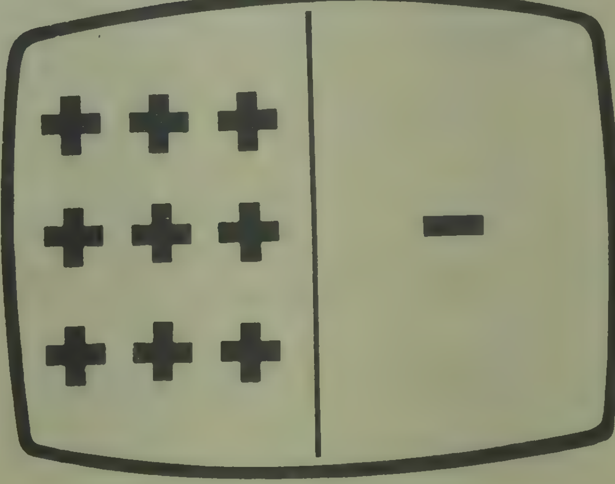
Largest pay-out for failed banks

The US banking regulatory agenc FSLIC, announced that it would make $1.35 billion pay-out to depositors of tw failed California banks, the America Diversified Savings Bank and the North ern American Savings and Loan Associa tion. This pay-out is the largest ever mad to depositors of failed banks in US his tory. While making the pay-out, FSLI has filed suits for $ 60 million against th banks' directors, on charges of frau breach of duty, negligence an racketeering.

Both the banks had been paying hig interest rates to attract short-term de posits, which they subsequently investe in high-risk property ventures.

■ ABHIJIT SE

ALL YOUR DO'S ON A FLOPPY CAN BE UNDONE BY ONE DON'T.



DO'S vs. A DON'T

Avoid that one don't. That one wretched don't can ruin all your efforts. It's irritating when you loose the valuable data. Imagine re-doing the whole thing from scratch all over again.

That 'don't' happens sub-consciously. So, be conscious while operating or otherwise.

Remember that the floppy is delicate and sensitive.

DON'TS

Before you use a floppy see that it has been kept in the same atmosphere for atleast 24 hours. Floppy does'nt like atmospheric changes often.

Floppy does'nt like voltage fluctuation either.

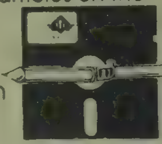
Floppy is allergic to dust, cigarette smoke and ash. Remember that cigarette smoking is injurious to floppy's health, too.

Don't carry the floppy sandwiched between books or keep a book over the floppy. Floppy cannot take that weight.

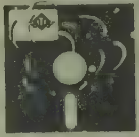
Floppy does'nt like to be naked. Keep it always in its Tyvek sleeve.

Never handle the floppy in a rough manner, even your finger stress can be dangerous. And don't touch the floppy surface at the head slot.

Don't leave the floppy near any electrical gadgets. These gadgets reorient the magnetic particles on the disk and corrupt the data.



Don't write with pen or pencil on the label stuck to the floppy, it can scratch the cookie surface.



And clean the drive head regularly, there could be dust particles on it. Know your floppy — know it inside out. It has its reservation. Be careful with the floppy. Protect it well and it will protect your data.

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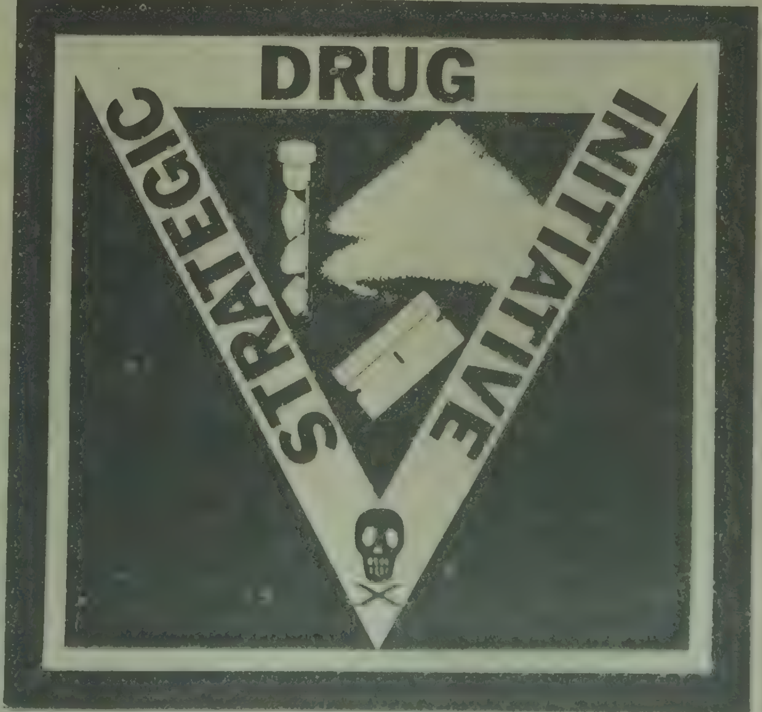
A special section
on global affairs prepared for
Business India

WorldPaper

THE NEW SDI

For six years, the Reagan administration has beguiled the world with its vision of SDI—the Strategic Defense Initiative, or "Star Wars"—as a trillion-dollar outer space panacea against nuclear war. As the Reagan Years fade into history, it's time for the United States to declare a new SDI—a *Strategic Drug Initiative*—for a struggle closer to home than outer space, the Drug War...



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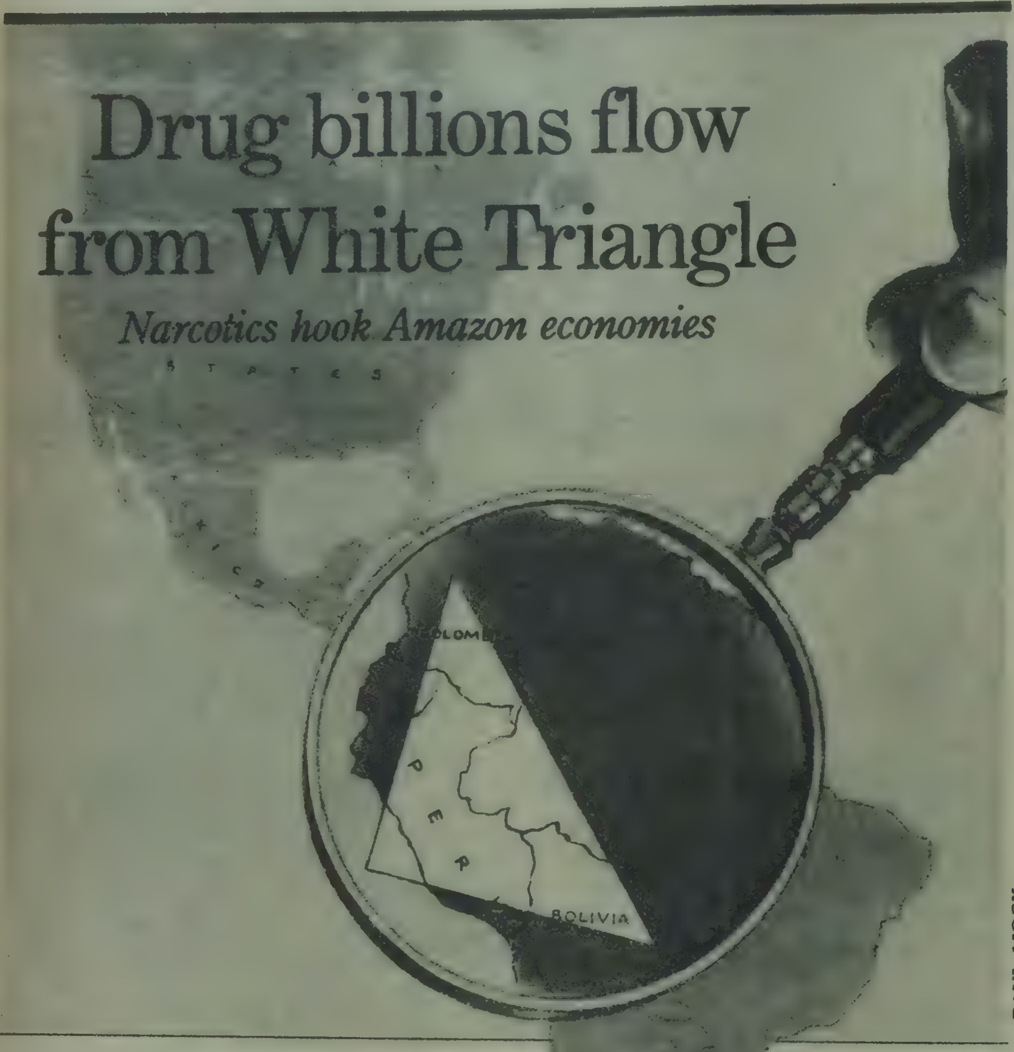
Drug billions flow from White Triangle

Narcotics hook Amazon economies



PAUL MOCK

...United States now demands the rest of the world solve its drug problem by spraying poison to eradicate the cash crops of isolated peasants and by pitting young militia men in bloody, unequal confrontation with a well armed and organized drug cartel. The smugglers are allied with guerrilla groups and narco-military strong men using the traffic to finance their political aims, sometimes in collusion with Western intelligence agencies. At the same time, the US also represents the world's giddiest cocaine consumer. It is as perplexed as any other country in trying to control its own marijuana crop that may be the largest on earth and the spread of addiction to millions. The reports in this issue of *WorldPaper* suggest it's imperative the United States take the lead in tackling a drug monster of its own creation by bringing new meaning to the initials SDI.

By Gustavo Gorriti

IN THE SOUTH AMERICAN jungle, signs of the great rubber boom between 1850 and 1920 still linger—the gilt opera house in Manaus in Brazil, the iron palace designed by Eiffel in Iquitos, Peru. It was here the Bolivian rubber baron Romulo Suarez fought Brazil in the Beni and Acre regions.

Today, his descendant, Roberto Suarez Gomez, still rules Bolivia's Beni, not as a rubber baron but as a coca lord, much richer than his ancestor. He is part of a new boom, cocaine trafficking, originating in the upper jungle and creating an economic revolution of unprecedented proportions for Latin America, especially for the three countries of what—reminiscent of heroin's Golden Triangle in Asia—could be called The White Triangle. They are the two main coca producers, Peru and Bolivia, and the trading center, Colombia.

Cocaine trafficking only since 1974-75 became a major factor in hemispheric economy and politics. In that relatively short span, it has jumped from police reports to become an underground but driving current in Latin America. It has cut through ideological differences, involving figures as far apart ideologically as Paraguay's Stroessner and Cuba's Castro, the contras, the Sandinistas and Colombia's M-19 guerrillas, the Bolivian rightist Garcia Meza and Panama's hard-to-define Manuel Antonio Noriega.

Engineering an extremely efficient but primitive transnational capitalism, cocaine traffickers have opened a hemispheric corridor from the production centers of the Chapare in Bolivia and the Upper Huallaga in Peru to the United States, through all the countries in between. From Asuncion to the Bahamas, Haiti and Guadalajara, an enormous logistical effort has kept pace with the demand of its biggest market, estimated in the hundreds of billions of US dollars. It has done so in the face of the determined but erratic opposition of the US government, from parts of some Latin American governments and non-governmental Latin American organizations, the news media being the chief among them.

The precise dimensions of the cocaine economic revolution are hard to assess accurately. But in Bolivia, Peru and Colombia, cocaine trafficking is already the single most important factor in each nation's economy.

In Bolivia, the value of cocaine exports is equal or greater than the combined value of all legal exports. Bolivia's cocaine trade was valued in 1983 at more than $1 billion—and the US government estimates production has risen since by up to 40 percent. Bolivia's legal exports in 1983 amounted to $818 million, in 1984, $773 million, in 1985, $673 million.

Estimates of the value of the drug trade in Peru range between $1 billion and $2 billion. Legal exports were $2.7 billion in 1985 and $2.5 billion in 1986.

Colombia's principal legal export, coffee, accounted in 1985 for roughly half the country's legal exports of $3.5 billion. Dominick di Carlo, former US

Gustavo Gorriti is a Peruvian journalist who has reported widely on the narcotics war.

assistant secretary of state for international narcotics, valued Colombia's cocaine trade in 1982 at $2 billion. Some studies put the figure now at $4 billion.

Around one million people—from coca leaf farmers to middlemen, pilots and *pistoleros*—are directly employed in the cocaine process, while more are dependent on it indirectly.

Latin America's legal economies, beset by debt, hyperinflation, falling prices and capital flight, have tumbled in the past decade. The cocaine traffic has grown. Cocaine traffickers have worked comfortably with every part of the Latin American political spectrum. They thrive amid violence, working one time with local insurgents, the next time with counterinsurgents. In Peru and Colombia, the insurgency and counterinsurgency have become intertwined with the narcotics trade.

National economies have become hooked on cocaine trafficking. As prices dropped because of a glut in production, dealers responded by widening the market with cheaper forms of cocaine, known in Colombia as *bazooko* and in Peru as *pasta*, cocaine sulphate that is the product of an intermediate stage of cocaine manufacture. Very cheap, it was smoked mixed with tobacco. The dealers targetted the poor in the United States. They formed a gigantic market that was hard to control from the view of the US government because of cultural differences between the poor and law enforcers. So crack was born.

In Colombia, Peru and Bolivia, the cocaine traffic has produced a distinct group of armed, predatory, primitive businessmen. They remain social pariahs to the traditional ruling classses but have intertwined economically with them. The smarter and more powerful among them aspire to the surname-laundering and wealth legitimization that comes from thorough integration with traditional society. In that vein, Roberto Suarez Gomez has offered to take care of the Bolivian national debt. In Peru, the author of a similar proposition was a middle-level narco known as "Crazy Fly."

The Medellin Cartel made a better offer in 1984 from its Panama sanctuary to repatriate its capital, invest in Colombia and even cease dealing in cocaine in return for not being prosecuted when Colombian President Belisario Betancur was dead set on catching them after the murder of his minister of justice, Rodrigo Lara Bonilla. Although Colombia's hard currency reserves had dropped from nearly $4.5 billion in 1981 to $1 billion in January 1985—and now are up to $3.4 billion—Betancur rejected the offer.

Where the wild things grow

Production estimates of illicit narcotics (in metric tons)

	1988	1987	1986	1985
OPIUM				
Afghanistan	400-800	400-800	400-500	400-500
Iran	200-400	200-400	200-400	200-400
Pakistan	100-200	135-160	140-160	40-70
Burma	900-1200	925-1230	700-1100	490
Laos	190-300	150-300	100-290	100
Thailand	35	20-45	20-25	35
Mexico	30	20-40	35-50	25-45
COCA				
Bolivia	50-73,700	46-67,000	44-52,920	42-53,200
Colombia	19-25,300	18-23,000	2,530-3,630	2,000-4,000
Peru	114,450	98-121,000	95-120,000	95,200
Ecuador	200	400	1,000	1,900
MARIJUANA*				
Mexico	5,970	5,970-7,130	4,000-6,000	3,000-4,000
Colombia	1,650	3,435-7,760	2,530-3,630	2,000-4,000
Jamiaca	300	325-535	1,485-2,025	625-1,280
Belize	180	200	500	645

* The US Drug Enforcement Agency estimates that US marijuana production, not shown in this table, was as much as 8,300 metric tons in 1987, reduced by eradication to 3,000 metric tons.

Source: International Narcotics Control Strategy Report, US Dept. of State, March 1988.

At the funeral of his slain justice minister, President Betancur called the narcolords "enemies of the whole of humanity." He promised all-out war on them. He meant every word. But the enemy was within the very institutions on which he counted to fight them. He could order the arrest of certain individuals. He couldn't cut his country's economy in half.

US aid for narcotics control to the five countries with the largest drug production—Bolivia, Colombia, Jamaica, Mexico and Peru—totalled an estimated $48 million this year. Although that figure is up from $20.6 million in 1984, it is no surprise that the war against drugs has suffered defeat after defeat. Brave people have died. If they were North Americans, their deaths have outraged their countrymen. If they were Latin American, they have died largely unsung. ♦

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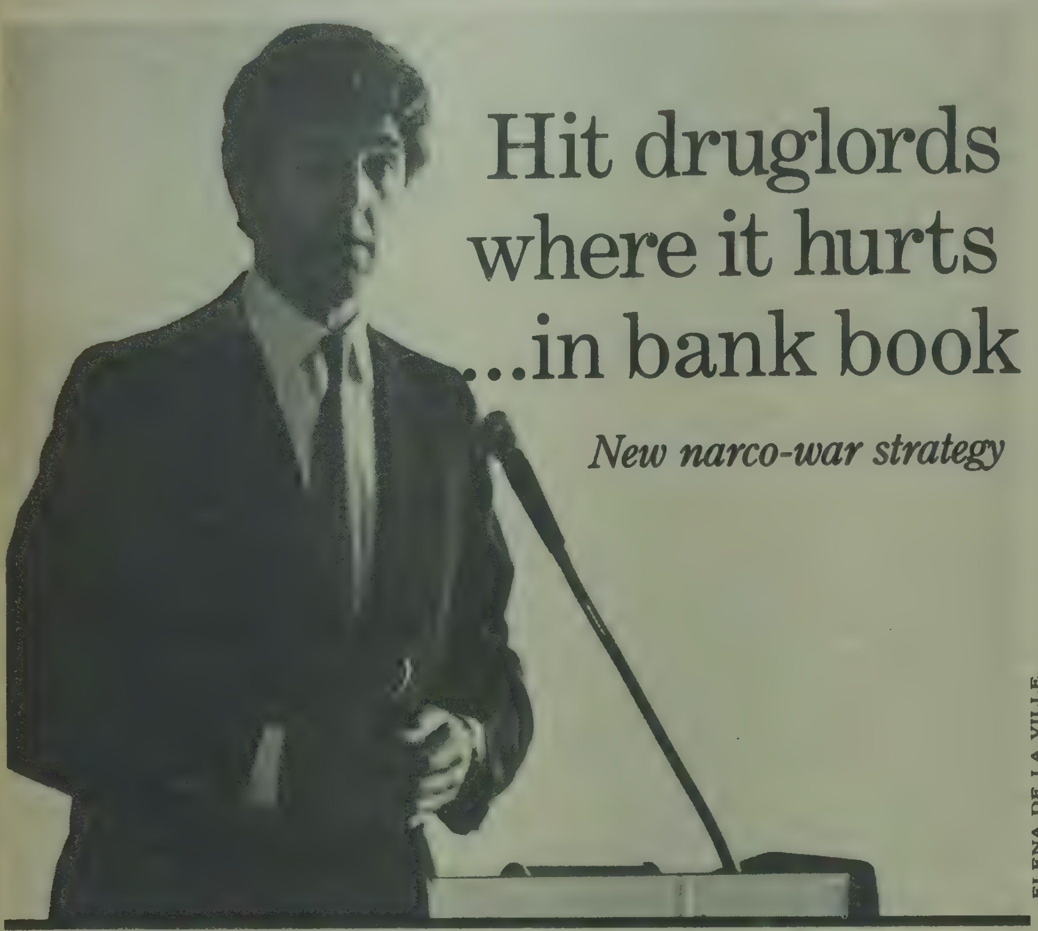
Hit druglords where it hurts ...in bank book

New narco-war strategy



ELENA DE LA VILLE

BY JOHN KERRY
US Senator from Massachusetts
in Washington, D.C.

THE TRADE IN illegal narcotics is literally destroying entire countries: subverting governments, undermining economies and ruining the lives of millions of people around the globe through drug abuse.

Nowhere is the problem more insidious than in the United States, the world's leading drug-consumer nation.

Now is the time to develop in the war on drugs a supply-side strategy based on a clearly defined foreign policy that elevates illegal narcotics, particularly cocaine, to the status of a national security concern.

No longer should stemming the flow of illegal narcotics be subordinated to such objectives as supporting the contras or a Gen. Manuel Antonio Noriega of Panama.

While the US administration mobilized 3,200 troops in March when the Sandinistas crossed the Honduran border, it barely raises an eyebrow when narcotics crosses from Colombia to Honduras or Panama to the United States.

It boggles the mind that Gen. Noriega was on the CIA payroll for well over a decade even though many in our government knew he was a major figure in narco-trafficking.

The war on drugs has been more like a low intensity conflict fought by ill-equipped soldiers with no coherent battle plan. We talk about eradication of Latin American drug crops but provide few economic alternatives to people for whom raising narcotics is survival. We talk about interdiction, but the Congressional Office of Technology Assessment reports that the drug traffickers have more sophisticated equipment and intelligence than drug agents. We talk about law enforcement, but agencies are understaffed and the courts overwhelmed.

To curb the supply of drugs entering the United States, we must have a two-tier strategy that in the short term disrupts the trade and in the long term solves the problem.

The short-term objective must be to immobilize the major international trafficking organizations. Instead of punishing the small farmer, the drug courier and the street dealer, we should strike at the top—at the drug barons who control the trade.

That's why the US indictments of Gen. Noriega and Col. Paul of Haiti and the arrests of Regalado Lara, the Panamanian Ambassador to Honduras, and Matta Ballesteros, also of Honduras, and the arrest and conviction of Carlos Ledher of Colombia, are encouraging.

The United States and other countries must convince governments and other leaders providing sanctuary to drug lords that it is in their interests to cooperate. We must use every economic, diplomatic and even military tool at our disposal to underscore that point.

In the long run, we must develop multilateral efforts to curb production and trafficking, including opening the international banking system to closer inspection. One significant way to hurt drug kingpins is to take their money away.

An estimate of more than US$50 billion, much of it profits from drug transactions, is laundered annually through US and offshore banks. Tough regulation of offshore banking industry is essential to control the flow of money and make it more difficult for drug money to find a home.

Other nations must assist the United States in creating economic and agricultural alternatives for drug-producing countries. The United Nations, primarily with Italian funding, has begun a project in Bolivia to persuade farmers voluntarily to reduce coca production. Some 2,000 families in 53 communities are participating in a $20 million project to stop farmers from increasing coca production while experimenting with other crops such as citrus fruits and coffee.

Bolivian officials support the program but note that the government does not have the money to diversify the coca-dependent economy and to convince farmers to switch. Crop eradication and crop substitution have not worked because the financial incentive to grow coca is too great; coca leaf growing in Bolivia generates an estimated $600 million for that economy. That is almost five times the total annual budget for the entire US international narcotics control effort. If the United States is serious about stopping drug production in countries like Bolivia, the United States and its allies must make a much greater financial commitment to programs throughout Latin America.

While the United States must lead the way, the war on drugs is not the responsibility of any one country. Only if the commitment to fighting drugs can be raised to an international priority, can the world significantly reduce the production and flow of illegal narcotics.▲

Sen. John Kerry, a Democrat, is chairman of the US Senate Foreign Relations subcommittee on narcotics and terrorism.

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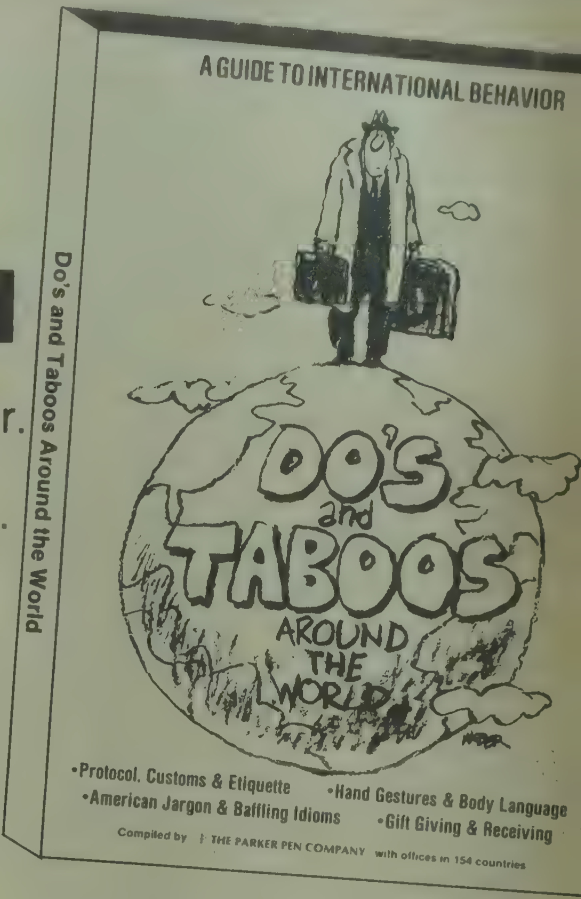
What is the one Chinese dish you may refuse without insulting your host? (see page 12)

In what country does a nod mean no and a shake of the head mean yes? (see page 29)

What is the European good luck gesture that is offensive in Paraguay? (see page 45)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THE NEW SDI

The prop behind Noriega

Narco-militarism keeps the strong man in power

BY I. ROBERTO EISENMANN, JR.
in Miami, USA

NARCO-MILITARISM, a unique political phenomenon virtually unknown a few years ago has destroyed our institutions in Panama and threatens other countries. It has made our people poorer, and has sold our country to the drug lords. It has an economy all its own, quite separate from the country. From the Drug Cartel's perspective, Panama can become a wasteland, as long as it's their wasteland. That's why Manuel Antonio Noriega can resist all pressures and stay in power. That's why there are other Noriegas in Honduras and elsewhere.

Noriega knows that he cannot leave Panama without a deal for his safety. Contrary to the experience of Marcos of the Philippines, Duvalier of Haiti and all other traditional dictators, Noriega knows that the moment he gets on an airplane, the Cartel puts out a contract on his life. The Cartel has proved it has quite a long arm. Enrique Parejo Gonzalez, the Colombia minister of justice after the April 30, 1984, murder of his predecessor, Rodrigo Lara Bonilla, was appointed ambassador to Hungary in August 1986 to escape death threats. Despite the security a Communist state is supposed to afford, Parejo was wounded seriously there in an assassination plot Jan. 13, 1987.

Narco-militarism is a multinational enterprise that will be solved only with a multinational effort. Why hasn't the effort occurred? One, Latin Americans will have to rethink their positions on the principle of non-intervention. Two, narco-militarism is a new phenomenon hardly recognized as existing.

For the United States, Noriega had become the administation's pet thug.

The Drug Enforcement Agency not only covered for Noriega, but until recently, worked with him on drug interdiction. We have a Central Intelligence Agency extremely protective of Noriega, a CIA asset since 1966. The Pentagon is on the fence without taking any real initiative. It is hard for the Pentagon to accept that the institution that it helped create in Panama is now the enemy.

The Panamanian opposition and, more importantly, Noriega have reached the same conclusion—that what is coming out of Washington is noise and the appearance of anger.

We in Latin America ask the United States to cooperate in the process of demilitarization. Stop giving us guns.

A major ingredient in the drug problem is the US support and strengthening of military instititions, supposedly to contain Fidel Castro's communism. This support drowns out possibilities of legitimate civilian authorities and institutions in the name of anti-communism and brings about the growth of narco-militarism.◆

J. Roberto Eisenmann, Jr., is president and editorial director of the Panamanian daily newspaper *La Prensa* , now suspended by the Noriega regime.

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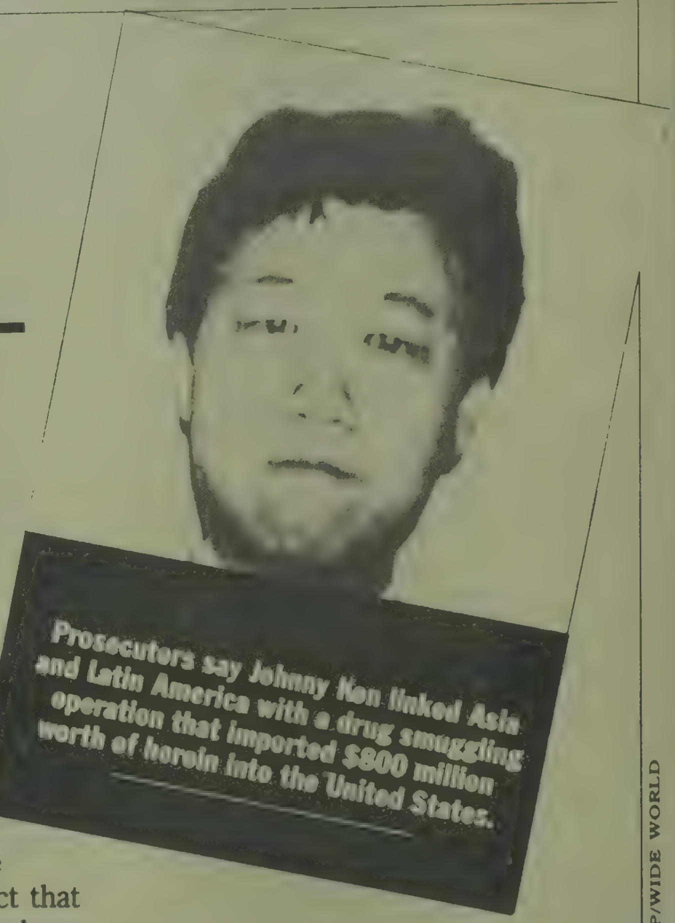

Prosecutors say Johnny Kon linked Asia and Latin America with a drug smuggling operation that imported $800 million worth of heroin into the United States.

AP/WIDE WORLD

The following report was compiled by a WorldPaper *team in Manhattan, USA and in Hong Kong.*

KON U-LEUNG'S US$25,000 diamond-studded Piaget watch and his gold bracelet with the Buddha charm tastefully set off his dark business suit when a dozen federal agents carrying machine guns surrounded him outside Manhattan's New York Hilton Hotel. He had just finished a fried chicken dinner inside the hotel and carried $32 in cash.

He was under arrest, identified by Brooklyn US Attorney Andrew Maloney as the US Drug Enforcement Agency's most wanted heroin trafficker and its "No. 1 target" for the past two-and-one-half years. Kon is accused of smuggling into the United States between 1984 and 1987 nearly 450 kilos of heroin—worth about $800 million—half of which was actually seized. In contrast, the French Connection ring that gained almost legendary stature in the early 1970's, imported only 55 kilos.

"I smuggle gems, jewels and cigarettes," Kon calmly told his arrestors. "But not drugs."

Federal Prosector Catherine Palmer said she went to Hong Kong to help set the trap that lured Kon, born in Shanghai, China, and a former Hong Kong resident, back to New York. She gave no details of the plan.

Kon, known to investigators as Johnny and the Mr. Asia of the US drug world, carried a counterfeit Costa Rican passport when arrested. He told authorities he had paid $20,000 for it five years ago.

That passport illustrates Kon's role as a bridge between Asia and Latin America, a fresh development in the world of drug trafficking.

Increasingly, Asian heroin comes to New York through Latin America. The Kon indictment claims he traveled to Bolivia, used Panama as a transshipment point for heroin, and in Paraguay operated a watch company that authorities alleged was a front for his drug smuggling.

New York news reports described Kon as a shadowy figure with a half-dozen counterfeit passports in as many different names. Unidentified investigators claimed to have uncovered evidence that he bribed high-ranking officials in Paraguay, Panama and Costa Rica to protect his heroin network. No names were divulged.

Robert Stutman, head of the DEA office in New York, said behind the increased popularity of the southern route into the United States is the fact that several South American cities have substantial Chinese populations.

"Many people feel that because of this arrest we've solved the Southeast Asia heroin problem," said Robert Strang, a DEA spokesman. "We haven't. He's only one of several major traffickers."

Kon and several other independent Asian importers have replaced the highly structured Mafia in the New York heroin business over the past five years, raising their share of the traffic from 3 percent to 70 percent.

Kon, 46, who claimed to be a fur trader when he came to Hong Kong from Shanghai, first came to the DEA's attention when a US-bound trawler carrying 120 kilos of heroin, 17 firearms and 3,000 rounds of ammunition was seized in Hong Kong harbor on Nov. 28, 1984. Kon escaped before he could be arrested. When invesigators found a flat where Kon lived in New York, he had fled hours before. The police found charts showing the route of the trawler and records of payment to the crew.

Authorities have faint hopes of prosecuting Kon for the drugs and weapons found in 1984 because all the major witnesses against him have died.

US authorities are seeking the extradition from Hong Kong of Kon's brother, Kon Yu-Son, 34, sister, Kon Pui-Fong, 38 and wife, Kathleen Koh, also known as Chang Kim-Leang. They operated his Hong Kong companies, Kon China Trading and The Imported Furs Company, which investigators allege were used to launder money and arrange shipments.

A prosecutor who spoke on the condition of confidentiality, said Kon owns about $20 million in real estate in and around San Francisco and New York, including a $400,000 home in exclusive Short Hills, NJ, not far from the former home of US ex-President Richard M. Nixon.

At his New York arraignment in March, Kon told the judge he could not afford an attorney. The next day he retained Jack B. Solerwitz, a well-known criminal lawyer and boxing promoter.

Kon was initially held without bail because authorities said he was likely to flee if released. He was housed in a special section of the federal jail in Manhattan, but Solerwitz tried to get him moved into the general jail population. "He's lonely," his attorney said .

Solerwitz declined a request to interview Kon and to discuss his client's business operations.

He said he expected a trial soon after the extradition of Kon's brother and sister from Hong Kong.

"There is very little that went on in the last four years that wasn't connected to him," says one law enforcement source. "His empire was a vast monster." ♦

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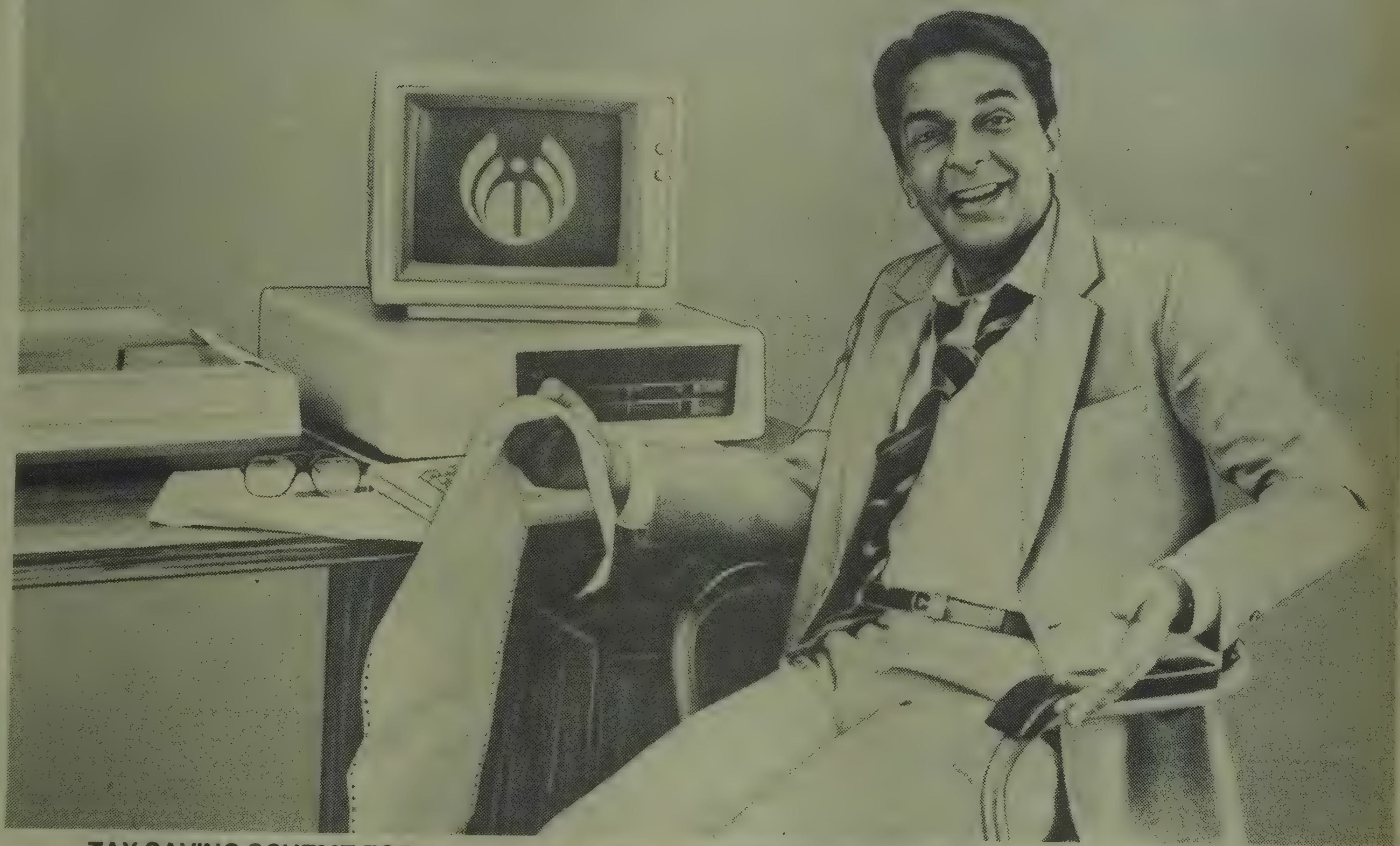

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ART 5035

Straw Products

Dividend maintained; major divisions face sluggish market conditions

Straw Products has not performed too well during the year ended 31 December 1987. Sales are marginally up at Rs.115.73 crores (previous year: Rs.115.17 crores). Operating profit is Rs.15.93 crores (Rs.15.48 crores) After providing Rs.6.89 crores (Rs.6.11 crores) for interest and Rs.7.25 crores (Rs.8.20 crores) for depreciation, the net profit after tax has improved to Rs.1.51 crores (Rs.0.92 crores). The company has managed to maintain the dividend at 20 per cent.

Production at major divisions was higher. J.K. Paper Mills recorded its highest ever production of 48,909 tonnes and the cement plant achieved a capacity utilisation of 92 per cent against 89 per cent last year.

However the company had to face price increases in raw materials throughout the year. And it could not pass on this increase to consumers due to adverse market conditions.

J.K. Paper Mills faced a tight situation as markets were sluggish throughout the year. The availability of raw materials was another constraint. The Orissa Forest Corporation could not meet the hardboard requirements of the company. The company had to procure supplies from other states at higher prices.

But the real problem ahead, with the Orissa government planning to nationalise bamboo forest operations from October 1988. The company is trying to persuade the authorities against taking such a drastic step.

The Rs.27-crore modernisation project of the paper plant is nearing completion. Production, and efficiency at the mill are expected to improve with the commissioning of the high-pressure recovery boiler and new turbine this year. The capacity is expected to go up to 60,000 tpa with the installation of the fourth paper machine. Incidentally December 1987 marked the silver jubilee year of this plant.

The board mill plant at Bhopal had a very bad year. The different rates of excise duty for small mills and larger units has rendered this unit sick. The management entered into a tripartite settlement closing down two plants; it managed to lease out one machine to another company.

The cement division too faced rough weather. It faced problems on both fronts, supply and demand. The royalty on limestone increased 122 per cent and railway freight rates (inward and outward) increased 25 per cent. Heavy power cuts throughout the year compelled the company to use diesel generators. This led to a further increase in costs. As a compensatory relief to the cement industry as a whole, the government announced a rebate in excise duty of Rs.20 per tonne and a reduction in levy quota from 30 per cent to 20 per cent for new plants. A Rs.10-crore modernisation plan is underway at the cement plant.

Straw Products' Rs.9.3-crore magnetic tape project is progressing well and is expected to be commissioned by the end of the year. Plans for entering the EPABX market have been shelved.

		(Rs. crores)
Year ended 31 Dec	**1987**	**1986**
SALES & OTHER INCOME	115.73	115.17
OPERATING PROFIT	15.93	15.48
INTEREST	6.89	6.11
DEPRECIATION	7.25	8.20
PRE-TAX PROFIT	1.79	1.17
TAX	0.28	0.25
NET PROFIT	1.51	0.92
EQUITY CAPITAL	10.13	10.13
RESERVES	34.65	32.68
LOANS	76.26	69.24
NET BLOCK	58.00	57.38
NET CURRENT ASSETS	30.79	26.38
EPS (%)	14.91	9.08
DIVIDEND (%)	20.00	20.00
MARKET PRICE		
CURRENT	38.00	
1988 HIGH	57.00	
LOW	32.00	

Hindustan Ciba-Geigy

Good performance; improvement in margins; current year prospects bright

Hindustan Ciba-Geigy has shown an allround improvement during the year ended December 1987. Sales at Rs.176.79 crores (Rs.156.16 crores) show an increase of 13 per cent. Operating profits at Rs.18.80 crores (Rs.14.22 crores) show a jump of 32 per cent while margins at gross levels are even healthier at Rs.17.83 crores (Rs.12.60 crores), a hefty increase of 42 per cent. This is mainly due to a sharp decline in interest charges, down to Rs.97 lakhs (Rs.1.62 crores) a drop of 40 per cent. Even after making higher provision for depreciation at Rs.6.14 crores (Rs.4.33 crores), an increase of 42 pe cent and taxation at Rs.4.93 crores (Rs.3.03 crores), and increase of 62 per cent, the bottom line has improved 29 per cent at Rs.6.76 crores (Rs.5.25 crores).

		(Rs. crores
Year ended 31 Dec	**1987**	**198**
TOTAL SALES	178.98	158.0
RAW MATERIALS	91.49	89.1
OTHER COSTS	68.69	54.6
OPERATING PROFIT	18.80	14.2
INTEREST	0.97	1.6
GROSS PROFIT	17.83	12.6
DEPRECIATION	6.14	4.3
TAX	4.93	3.0
CASH PROFIT	12.90	9.5
NET PROFIT	6.76	5.2
EQUITY	17.70	17.7
RESERVES	31.80	28.5
EPS (%)	38	30
DIVIDEND (%)	20	18
P/E	13	
MARKET PRICE AS ON 31 MAY	470	

The company has done exceedingly well this year, despite the drought which made industrial markets sluggish.

However, the company's exports have not kept pace with the performance in other areas. From a level of Rs.10.43 crores they have come down to Rs.7.91 crores, a 24 per cent decrease.

The demand for plastics and additives was buoyant initially but came down later. Even so this division grew 17 per cent this year.

The importance of agricultural chemicals in the company's total sales is growing. Its growth both absolutely and in relation to other divisions of the company has been appreciable. Sales are higher this year by 27 per cent and its share in total sales has increased from 30 per cent last year to 33 per cent.

The domestic sales of pharmaceutical products increased by 18 per cent. Two new products Tegretol Syrup and a new formulation Voveran are reportedly doing quite well.

The customer products division has proved to be a dampener in an otherwise satisfying year. The controversy over the safety of the company's fluoride toothpaste has definitely affected sales, which are down from 3.327 tonnes to 2.272 tonnes.

However, with the planned introduc-on of high quality photo products for rofessional use, there is some hope of a evival in this division.

Likewise, with the licence for manufac-ıre of hardeners for EPN resins in hand, nd production on at the EPN plant, sales f resins are in for a boost.

The pharmaceuticals division is ex-ected to do well under the new DPCO. he leather dyes division too has bright rospects as exports of leather goods are ooming again, after slowing down during he last few years. A good monsoon neans an encouraging year for agri-ultural chemicals too.

The outlook for the current year seems nore encouraging than that in the last ear.

Food Specialities

ncreased sales, increased competition n instant coffee market; production at ew coffee plant to begin this year; rovision for depreciation substantially igher

ood Specialities Ltd has done exceed-ngly well during the year ended Decem-er 1987. Sales at Rs.182.8 crores worth Rs.154.53 crores in the previous year) vere higher by 18 per cent, operating rofits at Rs.24.48 crores (Rs.18.11 rores) higher by 35 per cent. Operating nargins have improved from 12.39 per ent to 14.35 per cent. This is due to the eduction in cost of raw materials as a ercentage of sales at 56.5 per cent (58.9 er cent). But net profit at Rs.10.67 rores (Rs.10.42 crores) increased only by .4 per cent.

The interest burden at Rs.3.84 crores Rs.2.51 crores) has increased by 52 per ent because of higher borrowings of s.27.67 crores (Rs.21.46 crores) which re up by 29 per cent.

Lately, the company has been facing erce competition in the blended/instant offee market. This segment contributes l per cent of total sales. The balance heet for 1987 does not show sales figures r noodles and cereals, which together ccounted for 19.4 per cent of total sales uring 1986.

The company has announced an im-rovement in sales in the first quarter of e current year — Rs.50.90 crores worth Rs.41.13 crores), up by 24 per cent. owever, overall profitability is not ex-ected to be very good.

		(Rs crores)
Year ended 31 Dec	**1987**	**1986**
SALES & OTHER INCOME	184.10	155.96
OPERATING PROFIT	24.48	18.11
INTEREST	3.84	2.51
DEPRECIATION	4.72	1.11
PRE-TAX PROFIT	15.92	14.49
TAX	5.25	4.72
NET PROFIT	10.67	10.42
EQUITY CAPITAL	19.20	19.20
RESERVES & SURPLUS	19.62	14.29
LOANS	27.67	21.46
NET BLOCK	36.41	24.41
NET CURRENT ASSETS	8.20	19.19
EPS (%)	54.56	54.27
DIVIDEND*(%)	45.00	25.00*
MARKET PRICE (Rs.)		
CURRENT	125.00	
1987: HIGH	190.00	
LOW	112.50	

ex bonus 1 : 1

The company's issue of 12 per cent convertible debentures of Rs.31 crores is going to add to the interest charges. The interest burden will rise by approximately Rs.3.70 crores because of the issue. With the starting of the new plant at Nanjangud in Karnataka costing Rs.30 crores, the provision for depreciation will also increase. Considering that the company may extend the year end to 31 March 1989, to fall in line with the new tax provisions, these costs are going to affect the bottom line adversely.

This year, the competition in the instant coffee market has again hotted up. Indodan Industries Ltd, which launched Gold Cafe, has carved a niche for itself in three major cities. With its new plant going on stream this year, Food Specialities is expected to fight back. There are parellels here to 1983, when the company had to contend with Brooke Bond's entry into the instant coffee market. It managed to stay ahead at that time. How it will fare against Indodan will soon be known.

Madras Cement

New plant commissioned; turnover up; dividend skipped; current year prospects bright

Madras Cements has skipped the dividend for the year ended December 1987. Its turnover was Rs.45.14 crores (previous year: Rs.34.03 crores) and operating profit was higher at Rs.14.04 crores (Rs.9.94 crores). But, at net level, the company made a loss of Rs.4.62 crores (Rs.4.29 crores). The company's plant at Tamil Nadu achieved more than 100 per cent capacity utilisation.

The new plant at Jayantipuram in Andhra Pradesh was commissioned in 1987, six months ahead of schedule. It overcame initial teething problems, and was fully operational in March 1987.

However, there was no significant production because of heavy load shedding. The Andhra Pradesh State Electricity Board (APSEB) imposed an almost 100 per cent power cut on the plant for six months of the year. Thus the plant did not achieve even 30 per cent of its licensed capacity during April 1987 to March 1988.

In order to partly overcome this problem, the company has imported two diesel generating sets from Finland. These sets are expected to be commissioned shortly and will meet 60 per cent of the plant's power requirements.

Even though the new plant remained idle for most of the year, depreciation has been fully provided for. So, while the company earned a higher operating profit, it had to skip payment of dividend. Interest charges at Rs.11.08 crores (Rs.2.05 crores) and provision for depreciation at Rs.7.58 crores (Rs.3.57 crores) eroded the gains from higher productivity at the old plant and improved market conditions.

But with the diesel generators expected to be operational by the second half of the current year, the Jayantipuram

		(Rs crores)
Year ended 31 Dec	**1987**	**1986**
SALES & OTHER INCOME	46.00	34.98
OPERATING PROFIT	14.04	9.94
INTEREST	11.08	2.08
DEPRECIATION	7.58	3.57
PRE-TAX PROFIT	(-4.62)	4.29
TAX	—	—
NET PROFIT	(-4.62)	4.29
EQUITY CAPITAL	3.02	3.02
RESERVES & SURPLUS	18.62	23.27
LOANS	98.11	68.38
NET BLOCK	92.56	88.48
NET CURRENT ASSETS	4.63	1.16
EPS (%)	—	142.00
DIVIDEND (%)	—	25.00
MARKET PRICE (Rs.)		
CURRENT	560.00	
1987: HIGH	795.00	
LOW	410.00	

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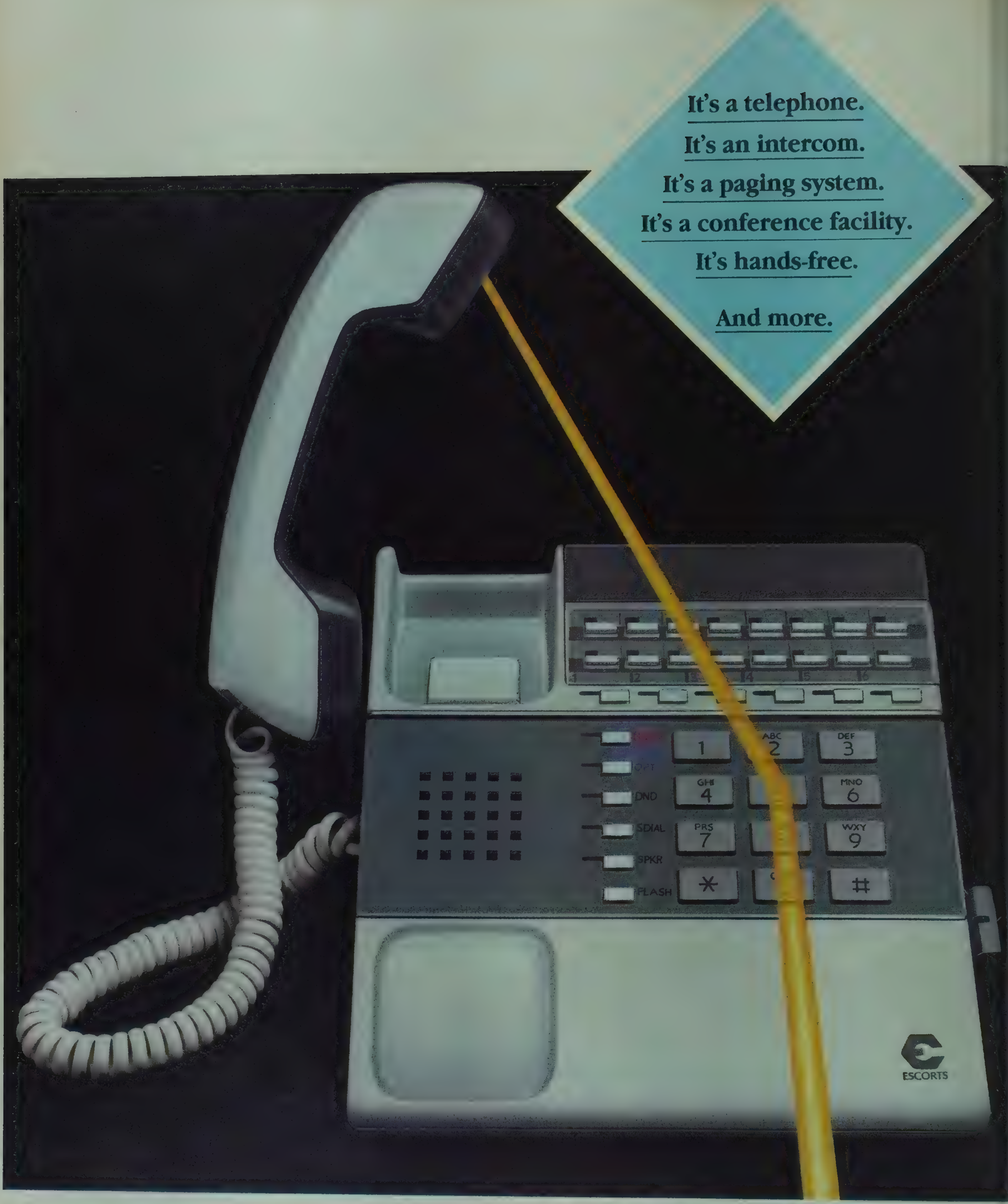
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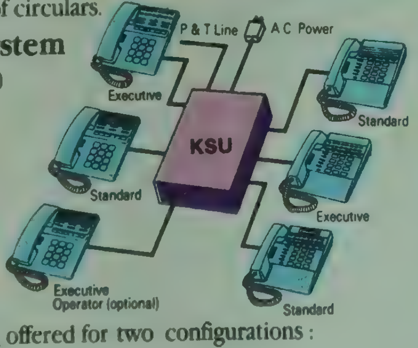

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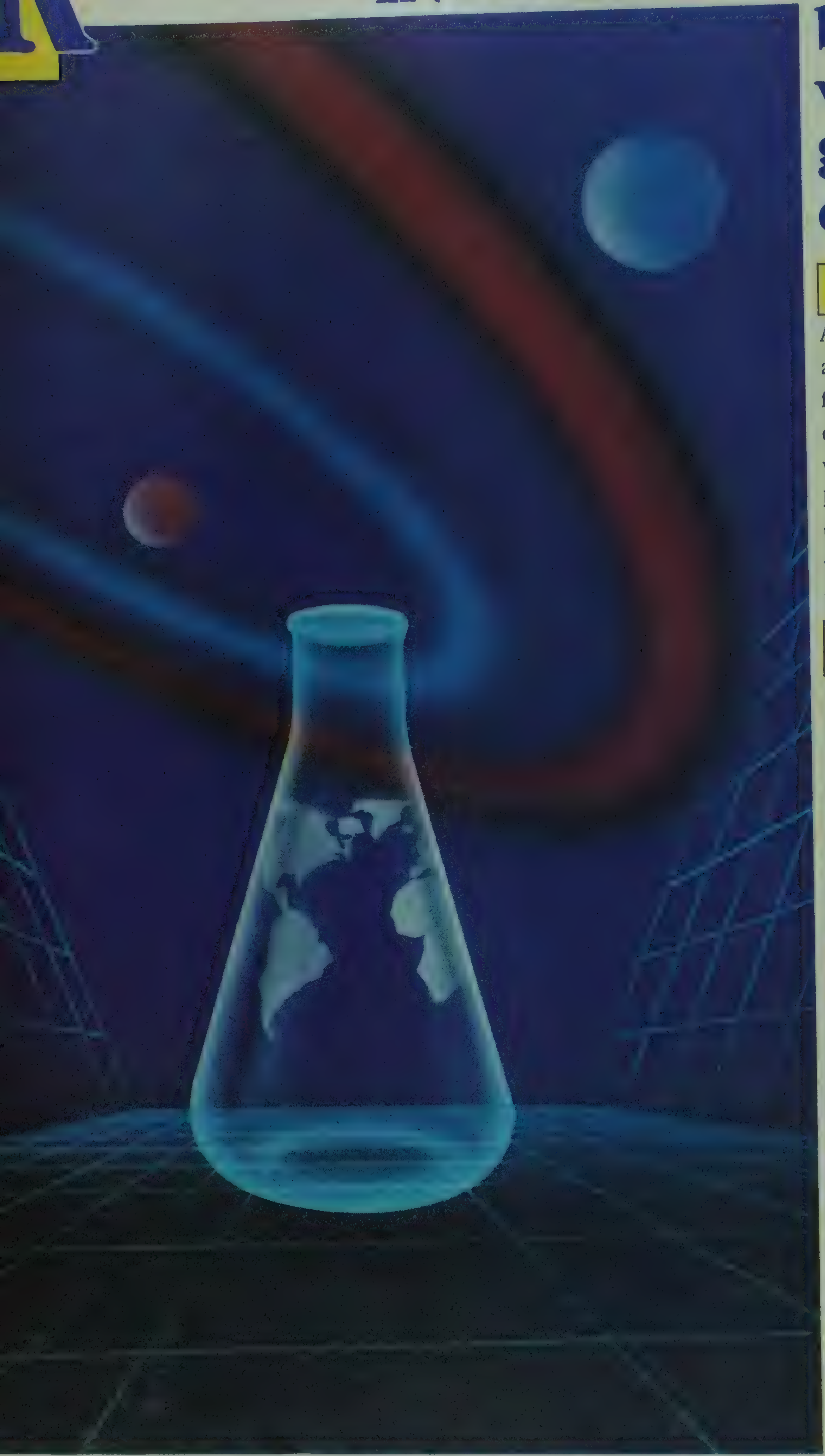

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plant should add to the profits this year. The reduction in the levy quota obligation will also add to the current year's profits.

So the current year can be expected to be much better than the last one.

Orissa Cement

High interest burden affects profitability; two month lockout at refractories plant; current year prospects better

The shareholders of Orissa Cement are a much happier lot today. After 19 long years the company has declared bonus shares in the ratio 1:1 in 1986. (In 1967 the issue of bonus shares was in the ratio 1:5). As a result, the company's equity capital has doubled from Rs.2.70 crores in the previous year to Rs.5.40 crores for the year ended December 1987. Consequently its reserves and surplus also stand reduced to Rs.55.29 crores from Rs.62.27 crores in the previous year. Although, the dividend declared for the year has declined to 20 per cent from 30 per cent in the previous year, in actual terms it works out to 40 per cent after the issue of bonus shares or 10 per cent more than in the previous year.

But all did not go well for the company during the year. Both the financial and physical performance of the company suffered a set-back. Gross sales at Rs.110.10 crores in 1987 were 13 per cent higher than the previous year while in the previous year the increase was 22 per cent. Worse, the profit before tax at Rs.5.05 crores was just half that of the previous year. As a result, return on sales in 1987 declined to 4.59 per cent from 10.99 per cent in the previous year.

(Rs. crores)

Year ended 31 Dec	1987	1986
SALES & OTHER INCOME	110.10	96.97
OPERATING PROFIT	26.14	25.05
INTEREST	7.73	3.16
DEPRECIATION	13.36	11.23
PRE-TAX PROFIT	5.05	10.66
TAX	0.82	1.35
NET PROFIT	4.23	9.31
EQUITY CAPITAL	5.40	2.70
RESERVES AND SURPLUS	55.29	62.27
LOAN FUNDS	124.28	105.09
NET BLOCKS	57.48	58.38
NET CURRENT ASSETS	34.92	34.77
EPS (%)	78.33	344.81
DIVIDEND (%)	20.00	30.00
MARKET PRICE (RS.)		
CURRENT	31.00	
1987: HIGH	36.00	
LOW	16.50	

The sharp decline in profit was mainly due to the higher interest burden during the year, up from Rs.3.16 crores to Rs.7.73 crores due to higher borrowings. The company was forced to borrow more money from financial institutions because of the cost over-run in its cement plant modernisation project at Rajgangpur, Orissa, from Rs.53 crores to Rs.68 crores.

The production of refractories, which account for nearly 60 per cent of the company's sales, was 17 per cent lower than in the previous year. Due to labour unrest, its refractories plant was locked out for two months and as a result, the production dropped from 89,000 tonnes to 74,000 tonnes. Cement production at 436,000 tonnes, was only marginally higher than in the previous year. While production of ammonium chloride increased by 38 per cent to 17,000 tonnes the sales went up by only 23 per cent. This was mainly because at the selling price fixed by the government (Rs.1,700 per tonne), ammonium chloride is more expensive than urea for the consumer.

Orissa Cement's prospects for the current year (1988), however, appear brighter. As a result of the budget announcements for the current year, the company's levy obligation for cement is reduced to 30 per cent of the actual production from 50 per cent earlier. The levy obligation will come down further to 20 per cent after the modernisation of the cement plant is completed. Meanwhile, the company has applied for an increase in installed capacity of its Orissa cement plant, from the present 525,000 tonnes to 800,000 tonnes per annum.

[illegible]

Mahindra & Mahindra

The company has announced encouraging results for the first half year ended April 1988. Sales at Rs.257.26 crores (Rs.218.28 crores) are 18 per cent higher. The gross profit at Rs.15.14 crores (Rs.9.72 crores) is up 56 per cent. After making a higher provision for depreciation at Rs.8.26 crores (Rs 6.42 crores) and tax at Rs.2.40 crores (Rs.1.13 crores), the net profit has zoomed to Rs.4.48 crores (Rs.2.17 crores), a rise of 106 per cent.

(Rs. crores)

	Nov 1987-April 1988	Nov 1986-April 1987	Nov 1986-October 1987
SALES	257.26	218.28	599.28
GROSS PROFIT	15.14	9.72	24.90
DEPRECIATION	8.26	6.42	12.81
TAX	2.40	1.13	4.90
NET PROFIT	4.48	2.17	11.09
EPS (%)	23.26	11.27	57.58
EQUITY CAPITAL	19.26	19.26	19.26

Both sales and production of jeeps during the period showed appreciable increases. M&M produced 14,089 units (10,222) and sold 14,551 units (12,174 units) in this period.

The company's latest model MM-540 has been received well in the market. It is preferred to the products of competitors mainly because it runs on diesel, while vehicles like the Maruti Gypsy run on petrol.

The company recently acquired a major stake in Allwyn Nissan Ltd. This will enable it to expand its market base. M&M is also negotiating for the takeover of Guest Keen Williams's Kanhe unit. This unit is believed to have sophisticated facilities for the manufacture of automobile components.

Hyderabad Allwyn

The company has done exceedingly well in the first half of its financial year, up to January 1988. Sales were higher by 28 per cent — Rs.47.75 crores worth, up from

(Rs crores)

	August 1987-January 1988	August 1986-January 1987	August 1986-July 1987
SALES	47.75	37.39	101.36
OTHER INCOME	3.72	3.23	6.84
TOTAL INCOME	51.47	40.62	108.20
INTEREST	3.64	2.80	6.24
GROSS PROFIT	18.62	13.66	38.14
DEPRECIATION	1.43	1.14	2.25
TAX	0.16	0.07	0.47
NET PROFIT	0.84	0.40	2.99
EPS (%)	4.54	2.16	16.51
EQUITY CAPITAL	18.51	18.51	18.51

Rs.37.39 crores in the corresponding period. The operating profit was 35 per cent, higher at Rs.22.26 crores (Rs.16.46 crores). After interest Rs.3.64 crores (Rs.2.80 crores), depreciation Rs.1.43 crores (Rs.1.14 crores) and taxation Rs.1.6 crores (Rs.0.7 crores), the net profit has jumped up by more than 100 per cent to Rs.8.4 crores (Rs.4.0 crores).

The financial institutions have approved three expansion plans that will cost Rs.75 crores. The company has already received a licence to manufacture an additional 2 million watches. It will thus be able to consolidate its hold on this market.

RESULTS ANNOUNCED

Colour-Chem

Colour-Chem has announced results for the year ended 31 May 1988. The company has stepped up the dividend to 20 per cent (18 per cent). Sales were 9.4 per cent higher at Rs.89.40 crores (Rs.83.17 crores). Exports were also 9 per cent higher at Rs.9.12 crores (Rs.8.39 crores). However there is a small drop in profitability due to various factors. The company states that while sales of dyestuffs to the textile industry declined, the leather chemicals division fared well. The gross profit declined to Rs.6.54 crores (Rs.7.95 crores) and after providing Rs.2.30 crores (Rs.3.01 crores) towards depreciation and Rs.1.25 crores (Rs.1.57 crores) for taxes, the net profit works out to Rs.2.98 crores (Rs.3.37 crores).

20th Century Finance

20th Century Finance has announced a bonus issue (in the ratio 2:5) and dividend of 36 per cent for the 16-month period ended 31 March 1988. The equity capital after the bonus issue will be Rs.8.87 crores. The company's gross income was Rs.28.63 crores (Rs.18.84 crores) and gross profit Rs.18.84. Depreciation and "other non-cash charges" absorb Rs.14.35 crores leaving a pre-tax profit of Rs.4.45 crores. The tax liability is Rs.71 lakhs and the net profit works out to Rs.3.74 crores. The company states that its resources position is satisfactory and its bank limits have increased substantially to Rs.27 crores. As part of its diversification plans the company has invested in a joint venture for producing fruit juice which will be sold in Tetrapak packaging.

Chemicals and Plastics

Chemicals and Plastics India Ltd has stepped up its dividend to 25 per cent during the year ended 31 March 1988. Sales were higher at Rs.52.13 crores (Rs.36.74 crores during the previous accounting year of only nine months.) The operating profit jumped to Rs.10.69 crores (Rs.5.86 crores) and after providing Rs.4.82 crores (Rs.2.09 crores) towards interest and Rs.3.11 crores (Rs.2.56 crores) for depreciation the pretax profit amounted to Rs.2.71 crores (Rs.2.56 crores). After taxation (Rs.43 lakhs) and other adjustments the amount available for appropriation is Rs.3.85 crores (Rs.2.97 crores).

Sundaram Fasteners

Sundaram Fasteners has maintained dividend at 25 per cent for the year ended 31 March 1988. The turnover of the company was higher by 19 per cent at Rs.56.53 crores (previous year: Rs.47.41 crores). Operating profit moved to Rs.8.81 crores (Rs.8.52 crores). Interest charges were lower at Rs.3.72 crores (Rs.3.85 crores) and depreciation amounted Rs.2.26 crores. The disposable surplus after taxation and other adjustments works out to Rs.2.99 crores (Rs.2.79 crores). The proposed dividend absorbs Rs.79.72 lakhs.

IN BRIEF

Bombay Tyres International Limited has shown encouraging results for the six month period ended April, 1988, after the 13 months lockout at its plant was lifted in November, 1987 and manufacturing activities resumed in January, 1988

The turnover for the period improved to Rs.40.21 crores against Rs.1.12 crores for the corresponding period in 1986-87. Profit before depreciation was Rs.2.08 crores against a loss of Rs.2.96 crores after providing for depreciation of Rs.1.07 crores. (Rs.0.59 crores) the net profit amounted to over Rs.1.01 crores against a loss of Rs.3.55 crores.

The company, which manufacture the MODISTONE range of tyres, has produced since resumption of production from mid-January nearly 330,000 tyres as against its licenced annual capacity of 1.1 million tyres. It has bagged exports order worth Rs.1 crore and has already executed orders in excess of Rs.40 lakhs. By the end of the current financial year BTIL expects its exports to cross Rs.3 crores.

The three-year agreement entered into with the workers has ushered in a new era. The use of modern equipment like the Banbury Mixer has also helped in maintaining strict quality standards.

Tata Press has proposed a dividend of 18 per cent (previous year: 25 per cent) for the year ended 31 March 1988. Higher operating costs and declining margins affected profitability. Sales were marginally higher at Rs.12.88 crores (Rs.12.54 crores) and gross profit lower at Rs.2.56 crores (Rs.3.07 crores). After the necessary provisions the post-tax profit was Rs.70.05 lakhs (Rs.1.01 crores).

Kinetic Honda has posted higher sales of Rs.30 crores (Rs.19 crores) during the year ended 31 January 1988. After providing Rs.1.27 crores for depreciation and Rs.2.49 crores for interest there was a net loss of Rs.5.88 crores.

India Cement suffered a modest setback in its working during the year ended 31 March 1988. According to unaudited figures, on a turnover of Rs.108.09 crores (Rs.108.08 crores) the company earned a lower gross profit of Rs.5.94 crores (Rs.6.04 crores). The net profit declined to Rs.1.34 crores (Rs.1.66 crores).

Synthetics and Chemicals has announced a higher dividend of 21 per cent for the year ended 31 March 1988. The company earned a net profit of Rs.4.01 crores (Rs.1.20 crores) on sales Rs.99.26 crores (Rs.90.50 crores).

Laxmi Mills has not performed well during the year ended 31 March 1988. Dividend has been maintained at 15 per cent. Though sales were higher at Rs.77.59 crores (Rs.66.64 crores) the net profit has halved to Rs.62.15 lakhs (Rs.1.20 crores).

Lloyd Steel has posted marginally higher sales of Rs.30.90 crores (Rs.30.38 crores) for the year ended 31 March 1988. According to unaudited figures the net profit moved to Rs.90.27 lakhs (Rs.88.48 lakhs).

National Insulated Cable Company of India (NICCO) has performed better during the year ended 30 April 1988. There was a 16 per cent increase in sales from Rs.39.94 crores to Rs.40.56 crores and net profit moved to Rs.1.20 crores (Rs.1 crore). The company is paying a dividend of 16 per cent.

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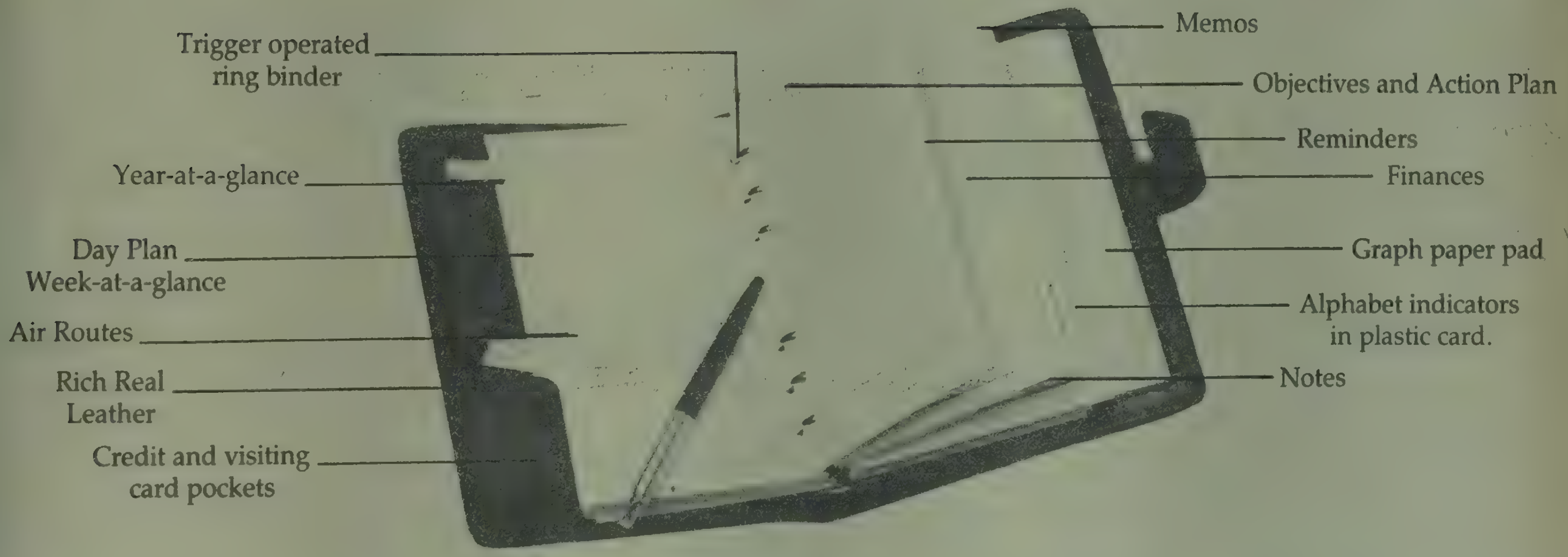
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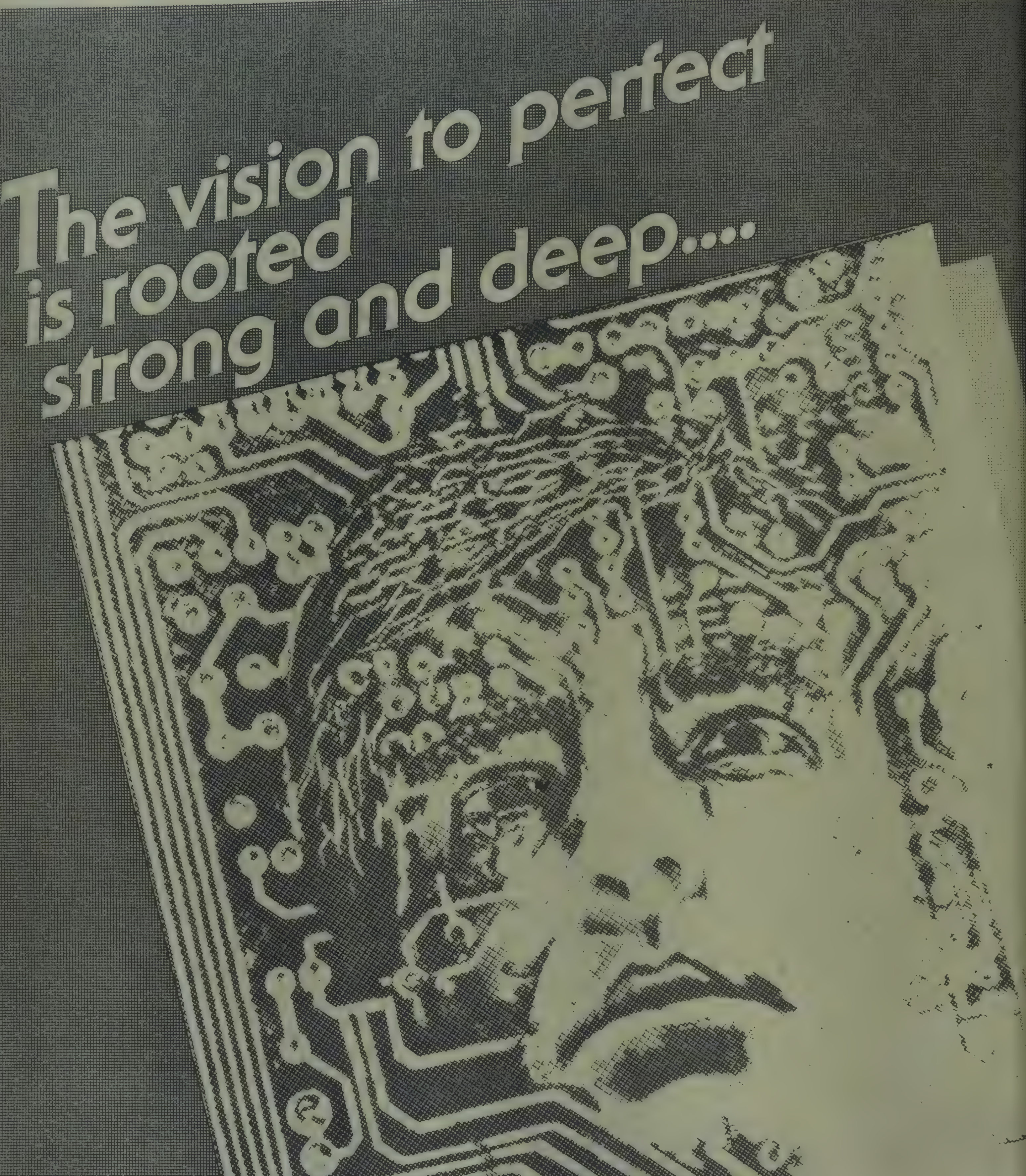
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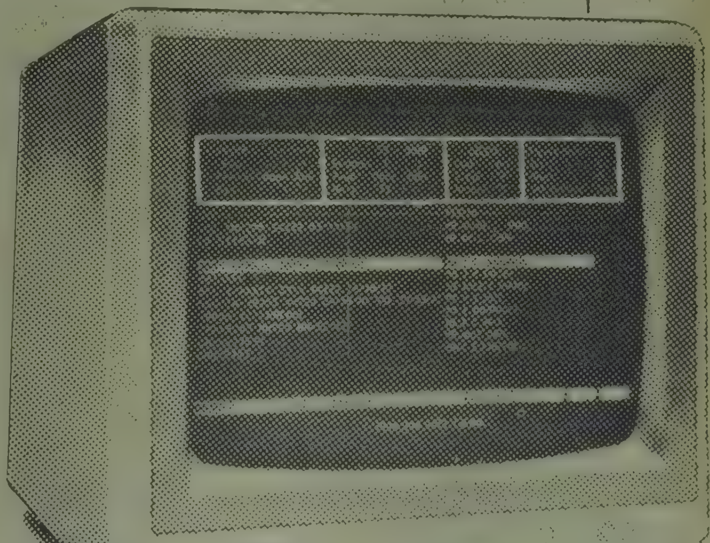

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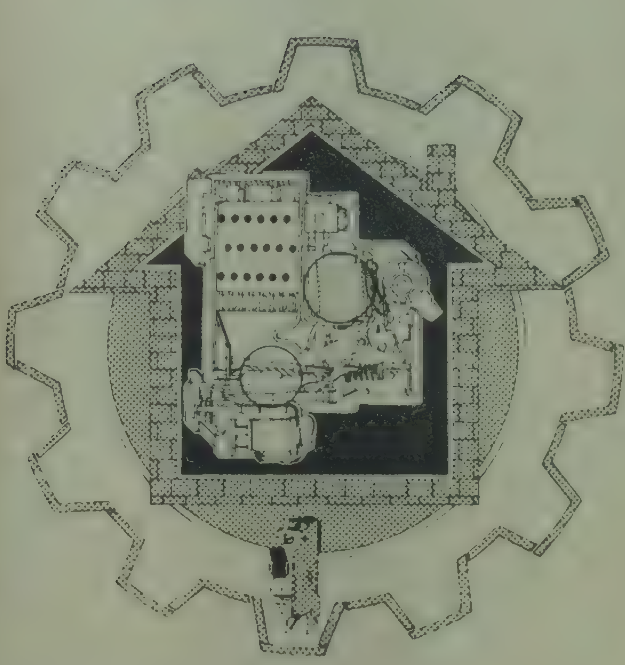

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India Glycols

India Glycols Ltd is coming out with a major equity issue on 11 July, aggregating Rs.13.50 crores. This is to partly finance the company's Rs.87.50-crore project for the manufacture of 20,000 tpa of mono ethylene glycol (MEG). The plant is located at Kashipur in Uttar Pradesh and will be the first MEG unit in north India. It is expected to begin production by the end of this year. The other two producers of MEG, the public sector IPCL and NOCIL, with an aggregate capacity of 23,500 tpa, are located in the west.

India Glycols has been promoted by Vam Organic Chemicals Ltd, the country's leading manufacturer of vinyl acetate monomer and its various intermediates. The company is managed by the Bhartias, who have other interests in steel and chemicals. Vam, which is also located in UP, posted sales of Rs.27.92 crores in 1987 and net profit of Rs.3.49 crores. India Glycols is the Bhartias' most ambitious project to date and according to Hari Bhartia it is bound to be a success. "Our major customers are all located within UP itself and demand for MEG is increasing rapidly."

> There is a fundamental difference between the production process followed by India Glycols and NOCIL and IPCL. While NOCIL and IPCL produce MEG through the petrochemical route India Glycols will be using molasses as the basic raw material. The molasses is converted into ethylene which is further processed to produce MEG. As UP is a sugar surplus state, availability of molasses is assured

MEG is a vital intermediate used for the manufacture of polyester staple fibre (PSF) and polyester filament yarn (PFY). Thanks to liberal licensing policies PSF and PFY capacity has increased dramatically in the last few years. Along with licences and letters of intent issued, total PSF and PFY capacity in the country works out to 780,000 tpa. However, MEG capacity at 43,500 tpa (taking India Glycols into account) is lagging far behind. As a result over 65 per cent of the country's MEG requirements are currently being imported.

Since early 1987 MEG prices in the international market have skyrocketed from around $550 a tonne to an exorbitant $1,400 a tonne. Even taking import duty concessions into account the landed cost of MEG is estimated to be 20 per cent higher than the domestic price. Domestic producers IPCL and NOCIL are functioning at full capacity but due to the huge demand-supply gap are clearly unable to meet the polyester industry's requirement. Taking this into account, Bhartia visualises no marketing problems for India Glycols.

There is a fundamental difference between the production process followed by India Glycols and NOCIL and IPCL. While NOCIL and IPCL produce MEG through the petrochemical route India Glycols will be using molasses as the basic raw material. The molasses is converted into ethylene which is further processed to produce MEG. As UP is a sugar surplus state, availability of molasses is assured, according to Bhartia. "We have been allocated 130,000 tonnes of molasses by the UP government and that is more than adequate to meet our requirements," he says. MEG production from the molasses route is believed to be more cost effective.

During the current year demand for PSF and PFY has firmed up considerably following excise duty concessions in the budget. And as the country's third manufacturer of MEG, India Glycols will be responsible for making a small reduction in the country's import bill.

Projections

(Rs crores)

Year	Sales	Gross profit	Net profit
APRIL 88	28.00	1.30	0.80
APRIL 89	43.00	2.00	0.50*
APRIL 90	46.00	2.50	0.85
APRIL 91	52.00	3.00	1.10

** Very high provision for depreciation during this year on account of capital expenditure.*

Subros

This is another venture which owes its birth to Maruti Udyog Ltd. Like some of its predecessors which produce glass for car windows, gear boxes, etc for the popular Maruti car, Subros will soon manufacture automotive air-conditioning systems for cooling the seating area in the Maruti car. The company is setting up a plant for the manufacture of 50,000 units per annum of these systems. Manufacture is expected to start in mid-1989. In the meanwhile, the company will continue to supply the air-conditioning systems assembled at its plant in India from CKD parts.

Subros has entered into a technical collaboration agreement with Nippondenso Co. Ltd, Japan. The collaborators are well-known for products such as starters, alternators, radiators, meters and air-conditioners. Their clients include, Honda, Motor, Yamaha, Chrysler, British Leyland Cars, etc. The Indian company has been set up to make air-conditioning systems only for Maruti cars, supplies to which will go up to 20,000 units in 1988-89 from 14,000 units sold in 1986-87. "But we are also developing systems suitable for the Maruti Gypsy and Premier Padmini cars," says Ramesh Suri one of the Indian promoters of the company. Alongwith the two Japanese promoters, Suzuki Motors and Nippondenso, who have between them 26 per cent of the equity, the Indian promoters have contributed 40 per cent to Subros' equity.

According to Suri, there are some very good reasons why the company can be expected to do well. So far there have been no complete air-conditioning system manufacturers in this country. "Subros is the first company to be given an industrial licence to do so and we hope to fill in the demand that has been growing," says Suri. According to him, a market exists for car air-conditioning systems which could not be serviced for lack of suppliers/manufacturers.

Subros will supply car air-conditioning systems as original equipment (OE) to automobile manufacturers starting with Maruti. "This means that they can avail of MODVAT set-offs that will result in savings of Rs.9,000 per car conditioner against a cost of Rs.17,000," explains Suri.

The company has drawn up a phased manufacturing programme which provides that by June 1989, the imported component will come down to 20 per cent with a CIF value (at current exchange rates) of Rs.5 crores. While it does not have a complete cover against the depreciating yen, the company expects to pass on a portion of the currency appreciation to Maruti and other automobile manufacturers, which will buy its products.

TOCKMARKET REVIEW

Vaiting for better news

(For the period 20 June to 2 July 1988)

The last fortnight was expected to be uncertain for the stockmarkets. A much awaited event was the announcement of the annual results of Tata Steel. The Unit Trust of India (UTI) was to announce its annual performance — all eyes were on the performance of the Mastershares. Post-election tremors were expected too, with marketmen anxious about the possible departure of N.D. Tiwari from the finance ministry.

As it happened, Tata Steel's thunder was stolen by Tata Locomotive; UTI's results were good, but Mastershares responded marginally. And Tiwari indeed departed from finance, but the market was pleased with the replacement — S.B. Chavan.

Steady market. The market as a whole, therefore, remained steady during the fortnight under review, with the *Economic Times* (ET) all-India index of share prices declining marginally from 261.2 at the close of the previous fortnight to 257.6. However, a series of adverse events in certain forward scrips in Bombay led to the Bombay stock exchange (BSE) sensitive index declining more sharply from 594.51 to 577.53, a decline of almost 3 per cent.

Tata Steel was expected to steal the show. Its results, announced on 23 June were expected to display a profit after tax of Rs.110 crores and an earnings per share of Rs.100. Instead the market was disappointed with profit after tax of Rs.92 crores and an earnings per share of Rs.79. What really upset market analysts' calculations was the company's wage bill which rose unexpectedly by Rs.15 crores. The share price, which had touched Rs.902.50 on 8 June and was Rs.867.50 just before the results were announced, tumbled to Rs.825 on announcement before recovering to Rs.837.50 at the close of the fortnight. This decline was much less than would have been expected given the 20 per cent decline in earnings from the forecast amount. This was perhaps due to the announcement of a Rs.2,200-crore expansion plan over the next seven years which will raise steel output from 1.9 million tonnes to 2.7 million tonnes.

Tata Locomotive's results, on the other hand, exceeded the market's expectations and provided an instructive lesson on the market's efficiency. The scrip opened at Rs.617.50 on the announcement day (June 21) and rose to Rs.625 just before the results were announced. At this point, the market was expecting earnings per share of Rs.60 and a dividend of 20 per cent. However, as the results were announced, it became clear that although the earning per share was Rs.45, this was due to unusually high depreciation charges and that the cash earning per share (i.e., after adding back depreciation charges) was Rs.110. Meanwhile, the dividend was higher than expected at 23 per cent. Shrugging off the few doubters who continued to sell at Rs.625 for a few minutes after the results became public, the market quickly pushed the price up to Rs.667.50. The share then came in for a wave of heavy selling — largely from those well-informed traders who had been able to purchase the share at below Rs.500 even as late as early May and were eager to book profits — and the share ended the day at Rs.635 before recovering to close the fortnight at Rs.652.50.

Potent UTI. The Unit Trust also announced its annual results during the fortnight. The units sold under Unit Scheme '64 are to receive a dividend of 16.5 per cent, up half a per cent over the previous year. Mastershares, its closed-end mutual fund launched in September 1986, earned a dividend of 13 per cent versus 8 per cent (pro-rata) in the previous year. The scrip, which was quoted at par on 4 May has risen steadily, reaching its all-time high of Rs.12.37 on 31 May. It declined after that and was steady at Rs.10.75/Rs.11 (the bid and the offer price) before the results were announced. Upon announcement, the scrip rose briefly to Rs.12 before closing the day (and the fortnight) at Rs.11.35. An interesting fact about UTI's market operations was that its secondary market purchases during the year equalled Rs.330 crores. Given that the average daily turnover is about Rs.50 crores in Bombay and Rs.75 crores nationally, UTI's operations equalled less than five days of stockmarket turnover. It is surprising then that even a whiff of its potential actions has such a potent effect on stock prices.

Reliance Industries, which has had a good run so far, finally attracted the attention of arbitrageurs who have started selling its shares at levels over Rs.200 (and hedging their sales with purchases of new Reliance shares). The "arbs" first had a go when Tiwari was expected to leave, pushing the price down in kerb trading to Rs.183 on Friday 24 June from its official closing of Rs.196. The scrip has since recovered to close the fortnight at Rs.195 against the previous fortnight's close of Rs.211. It is possible that the Bansal Committee's recommendation on equivalence of new and old shares for market deliveries will be reimposed soon and this has further encouraged short-sellers in Reliance.

Orkay Silk was adversely affected by the news of a Rs.4.84-crore excise penalty, which works out to about Rs.1 per share. The scrip fell from Rs.40.50 to Rs.34.50 over the fortnight. Meanwhile, Century Textiles rose from Rs.802.50 to Rs.840 on the news that its yarn, tyre cord and chemicals division would resume normal operations from 7 July. The company has lost about Rs.7.5 crores due to the lockout which is not considered as too severe by the market. Grasim Industries, which announced a shutdown of its plant at Nagda on 24 June due to water shortages and a reopening on 29 June due to adequacy of water supply — during which time the scrip fell from Rs.97 to Rs.94 — has decided to consider issuing bonus shares at its board meeting on 6 July. The scrip has since risen to Rs.106. Indian Organic fell from Rs.22 to Rs.19.75 on the announcement of poor annual results and the skipping of dividend. Mahindra & Mahindra announced excellent half yearly results leading its share price to rise from Rs.52.50 to Rs.57.50 over the fortnight.

Among important industry news, was the decline in truck and bus tyre prices by about 5 per cent since the government placed their import by state transport corporations on open general licence (OGL). However, the tyre industry share price index was one of the few to rise during the fortnight, with market leader MRF rising from Rs.152 to Rs.161.

A controversial development during the fortnight was the proposed levy of turnover tax on brokers. Result: the Bombay stock exchange was closed on 27 June, and the Calcutta stock exchange on 28 and 29 June. The closure was forced by brokers and jobbers protesting the proposed tax, the proceeds of which will finance the Securities and Exchange Board of India (SEBI). The tax is to be levied at 0.01 per cent for brokers and 0.005 per cent for jobbers. This will mean a collection of about Rs.3 to 4 crores per annum and is an amount that the broking community can easily afford. Brokers have been objecting to the tax on principle, a normal objection for any tax. The bone of contention is the uniform rate on both carry forward transactions as well as on those on a delivery basis.

New priorities. The new finance minister has listed inflation and capital markets as his top priorities. The inclusion of capital markets in the list of priorities is indeed welcome and an indication of the government's keen interest in the health of the market. The monsoon appears to be making good progress. But this did not prevent the undertone at the close of the fortnight from being weak, despite institutional intervention and the fact that five scrips attracted backwardation charges while badla charges continued to drop from 42 per cent a month ago to 30 per cent a fortnight later to 25 per cent at the end of the fortnight under review.

With declines leading advances 42 to 20 in the forward list in Bombay (but still an improvement from the previous fortnight when only 5 scrips advanced and 63 declined), the market appears to be waiting for more companies to provide favourable evidence about the effects of government policy and the monsoons before it rises any further.

■ RAFIQ DOSSANI

MADRAS STOCK EXCHANGE

Growing pains

The usually sedate and sober Madras stock exchange (MSE) has been in turmoil in recent weeks. The last time the Madras exchange had a controversy was in 1987 over the merger of two brokerage firms (Chitra and Company and Madan and Company). The then president and others threatened to resign if this merger went through. Ultimately the merger did not take place.

"No trust" resolution. This time, the trouble started when eight members of the MSE sought the removal of the president, vice-president and five others from the council of the stock exchange through a "no trust" resolution. The resolution, which was distributed to the 142 members, alleged that on a number of occasions, the actions taken by the elected members of the council violated the provisions of the Companies Act, the Securities Contracts (Regulation) Act as well as the articles of association, the bylaws and the rules and regulations of the exchange.

A number of instances have been cited. They range from the bypassing of procedural formalities to more serious acts of omission. Some of the charges are:

●In matters relating to default by members, the provisions of the articles and the by-laws are not invoked immediately, with the result that members who have not paid their dues continue to be members for over 18 months. The council has not monitored delays in payments for centralised deliveries nor has it taken suitable action against erring members.

●In dealing with defaulting members and members who delay their payments, uniform policies are not followed.

●On several occasions, the council has not taken timely action in controlling trading in volatile scrips, and imposing margins on such trading.

●The funds of the exchange are spent arbitrarily, e.g, for study tours and sports activities which benefit only a few members. This expenditure was incurred without proper authorisation as required under the Companies Act.

●A number of members are violating the provisions of the Securities Contracts (Regulation) Act, according to which a member of the exchange cannot do any other business involving a financial commitment or take up any other employment paying a salary.

●Often, contradictory rulings have been given in matters relating to bad/good deliveries. Sometimes even the same set of documents were judged in different ways.

The MSE, which had 34 members in 1980, now has 142. Some of the brokers feel that the council is still trying to administer the exchange the way it did in earlier years — as an exclusive club whose members knew each other well and smoothed out differences among themselves. Also, earlier, MSE was purely investment oriented and liquidity was poor.

"The problem with the MSE has been that it does not wish to confront problems arising out of change. The council just hopes they will disappear," is the caustic comment of a broker who does not wish to be named. The other complaint is that the council has not been willing to discuss issues with members.

Favouritism. There is also a feeling among some members that a number of decisions were taken to favour only a few members. Says the broker quoted earlier "In the matter of volatile scrips, it always looks as though action is being taken to suit certain member firms. For example some time ago when one lakh shares of Reliance and 10,000 shares of Carrier Aircon were being traded, the council imposed a margin on Carrier Aircon but not on Reliance on the same day."

The subsidy of Rs.5,000 given to the 24 members who went to the US on a study tour is another source of discontent. "This is the only exchange which fritters away funds like this. Also according to the articles of the exchange this is a gross violation, as six members of the council are interested parties and should not have voted for this," says a broker.

The dissidents hoped to introduce the resolutions to remove the seven members of the council during the annual general meeting. However another group of brokers felt that the fair name of the MSE should not be sullied. They argue that there has been no major payment crisis in the MSE in spite of the jobbing activities of almost 70 members.

Obviously wiser counsels prevailed and the no-confidence motion was not introduced in the AGM. However there was a furore and for the first time in its history a vice president of the council (V Ganesan) was defeated while seeking re-election. On his part, the president V.K. Padmanabhan conceded in his speech that problems have arisen but he attributed these to the expanding business of the exchange. He has also, during informal discussion with the dissidents, promised to look into genuine grievances and tone up the administration. The current crisis seems to have been amicably resolved at the moment. But if the MSE does not gear itself to deal with the growing membership speedily, trouble is bound to erupt again.

■ SUSHILA RAVINDRANATH

MUTUAL FUNDS

More choices for the investor

The market's broad advance in May gave the three Indian mutual funds a good chance to win confidence among investors. Canbank Mutual Funds grabbed the opportunity and declared a maiden interim dividend of 12.5 per cent and an-

Canbank's Mutual Funds

	Can 80 CC Fund	CanCigo Fund	CanGilt Fund
Subscription opens	Sept	Already open	Open
Denomination	Rs. 100	Rs. 1,000	Rs. 1 lakh
Minimum Subscription	Rs 10 lakhs*	Rs. 10 lakhs	Rs. 25 lakhs *
Whether open-ended	Yes	Yes	Yes
Duration	3-5 years	minimum 30 days	minimum 30 days
Tax advantage	No deduction of tax at source and all mutual fund tax benefits	No deduction of tax at source and all mutual fund tax benefits	No deduction of tax at source and all mutual fund tax benefits
Liquidity	Awaiting approval for repurchase scheme	Buy-back anytime after 30 days	Buy-back after 30 days
Investor Target	Individuals	Institutional investors	Institutional investors
Size of Fund	NA	NA	NIL

** tentative. In fact several details of all three funds have still to be finalised.*

nounced the launch of three new funds. SBI Mutual Funds, (trustees: SBI & Capital Markets) announced three major schemes. "We are in no hurry to declare a dividend," says D.N. Ghosh, chairman SBI Caps. For UTI's Mastershare it was only a matter of weeks for a full year to end. Promptly on 1 July (which is the norm), results and dividends were announced for all the schemes. Mastershare holders raked in a dividend of 13 per cent while Units 1964 scheme improved on its previous record and declared a 16.5 per cent dividend — the highest in its 24 years history.

Surging ahead. "The market upsurge came in the nick of time and that has helped us," says K.P.C. Hegde, chief executive, Canbank Mutual Fund. In May the gloom that pervaded the secondary market lifted and the market equity index raced ahead. In just six weeks it crossed the 1986 peak to reach 628. That turned the portfolios of the mutual funds which had taken a severe beating into winners.

SBI Capital Markets came out with three new schemes and funds — Magnum Tax Saving Scheme, Magnum Venture Capital Fund and Magnum Equity Support Fund in June. Being a growth fund, no dividend rate has been guaranteed to Magnum Tax Saving Schemes. Any comparison with other investment vehicles with similar tax benefits would be out of place. "The attractiveness of the tax-saving Magnums would depend on the tax bracket of the investor and his preference for liquidity," points out S.M. Parande, executive director of SBI Caps.

Definite advantage. It is in the tax slab above Rs.12,000 that the Magnums have a definite advantage over NSCs as the eligibility for tax deduction falls to 40 per cent of investment in NSCs but remains 50 per cent for Magnums.

The income from investment in Magnums will be eligible for deduction from total income up to a sum of Rs.10,000 under Section 80 L of the Income Tax Act. Income from Magnums will not be eligible for tax concessions under Section 80 M unlike UTI units. Thus, for corporate investors, return from investments in units will be higher than those in Magnums. The benefit of 80 M has not been given to funds floated by public sector banks as the objective of these funds is to cater to the small investor.

SBI Caps is also launching two other funds to be marketed only to corporate investors — the Magnum Venture Capital Fund and the Magnum Equity Support Fund of Rs.15 crores and Rs.25 crores respectively. (See table 1.)

The venture capital fund, as the name suggests, will be used to back new ventures. Although venture capital is normally associated with high technology and therefore high risk, Ghosh notes that in India it may be more relevant to look at new ventures in the service sector. Venture capital will be provided by the fund in the form of equity as well as other appropriate forms of loans. Although no ceiling has been fixed for such assistance it is envisaged that it will be in the range of Rs.25 lakhs to Rs.2 crores.

The third scheme, ie, the Magnum Equity Support Fund, will be for investment in the equity issues of new companies which would otherwise go to the primary market. The scheme is a continuation of the bought deed scheme which SBI Caps pioneered, except that instead of direct investment by SBI Caps, the resources of the fund will be utilised.

Both the venture capital fund and the equity support fund being high risk investment options, industrial investors are unlikely to find them attractive. But in order that new ventures do not languish for want of funds, SBI Caps proposes to tap public sector corporations and finance institutions for subscriptions to the fund. Reportedly, these have already committed their support.

While details on the Magnum tax savings scheme were made available at the press conference, amazingly enough SBI officials were in no position to spell out features of the other two funds as they were "still under finalisation".

Raising resources in an economy with one of the highest savings rates in the world, is not as much a task as finding avenues to park those funds — is what fund managers are discovering. Says Hegde, of Canbank Mutual Funds, "Can 80cc Fund will be a new issues fund like the SBI Fund and the investments will only be in new equity shares that are eligible for Section 80cc benefits."

CanCigo is an income-oriented fund. At the time of the investment, an agreed return will be finalised and the funds will be parked in units, public sector bonds, government bonds, short term corporate sector deposits. This is aimed at individuals and corporate clients with surpluses and the term of the investments would range from three to six months.

CanGilt promises a return of 12.25 per cent and offers a buy-back arrangement. Both the funds offer profit sharing. (Details are under finalisation.) CanGilt will invest its funds in public sector bonds and it will take advantage of a directive whereby public sector companies are required to invest surpluses in other public sector companies.

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WALL STREET FINANCE LTD.

The Symbol of Trust **A Patel Group Enterprise**

Regd. Office: 21, La Kozy Mansion, Chowpatty Seaface, Bombay 400 007.

The following is the text of the speech delivered by Mr. Asgar S. Patel, Chairman, at the Second Annual General Meeting held in Bombay on 23rd June 1988.

Ladies and Gentlemen:

It gives me great pleasure in welcoming you all to the Second Annual General Meeting of your Company.

Our Philosophy

We have consistently believed in 'Profits & People' as the basis of our corporate philosophy. Profits and surplus are a must for the healthy growth of an organisation. With this goal in mind, we have devised our systems leading us to select the 'Cream of Professionals' **who perform come rain or storm.**

We have consistently believed in 'Profits & People' as the basis of our corporate philosophy. Profits and surplus are a must for the healthy growth of an organisation.

Unfortunately, there has been no rain or storm. In fact, it was worse. The previous year saw unprecedented drought conditions throughout the country which, in turn, played havoc on the Indian economy. The drought was the third successive one. The strain on the financial resources of the Central and State Governments, and on nationalised banks was tremendous.

Yet, the faith and trust placed in our people was amply rewarded, as is evident from the 2nd Annual Report already received by you. An excellent performance indeed and one that reinforces our philosophy that 'Man was designed for accomplishment, engineered for success, and endowed with the seeds of greatness.'

Yet, the faith and trust placed in our people was amply rewarded, as is evident from the 2nd Annual Report already received by you.

Promises Fulfilled

We had promised you that there would not be a gestation period for your Company. We also promised you a maiden dividend of 18%. We have kept our promises — both for the previous year and the year under consideration. Once again, your Board of Directors have recommended a dividend of 18% or Rs. 1.80 per Equity Share (subject to deduction of tax at source wherever applicable.)

We have kept our promises — both for the previous year and the year under consideration. Once again, your Board of Directors have recommended a dividend of 18% or Rs. 1.80 per Equity Share.

Business Climate

A gross profit of Rs. 41 lakhs in the very first year of operation is good by any standards. We have braved the storm, and the worst seems to be over. Last year saw the entry of fully-owned subsidiaries of nationalised banks into the field of leasing. They were fully backed by the Government of India. Inspite of this competition, your Company surpassed its targets and fulfilled the promise of 18% dividend. This is at a time when many other Finance companies have either substantially reduced their business or actually have gone out of operation.

We repeat what we have said the previous year. Wall Street Finance Ltd. is no ordinary leasing company. I am sure that you as shareholders are proud that your company could hold its own inspite of adverse economic conditions and severe and unequal competition from nationalised banks.

Yes, people have placed their faith and confidence in **'The Symbol of Trust'** and it is with the people's support that our 'cream of professionals' have once again delivered the goods.

Due credit must be given to our dynamic Prime Minister, Mr. Rajiv Gandhi, and his government who took expeditious measures to contain the fall-out of the three successive droughts. The recently announced progressive industrial policies, particularly the delicensing of projects up to Rs. 15

crores for the industrially advanced areas and Rs. 50 crores for the industrially backward areas will give a great boost to the economic environment. The export incentive schemes must also be lauded. Indeed, his policies have reflected an upward trend in the stock markets. The monsoon appears to be on time and is expected to be plentiful this year. All indications are that there will be further all-round improvement in the economic climate and another successful year ahead.

Yes, people have placed their faith and confidence in 'The Symbol of Trust' and it is with the people's support that our 'cream of professionals' have once again delivered the goods.

Prospects of Your Company

Your company will continue to exploit the economic advantages of the upward trends in the industry and the stock market. It will continue to exploit the strength of the 'Group Companies', namely, Patel Roadways, Natasha Constructions, The Patel Institute of Transport Management and Patel International. Hire purchase facilities and advances to trained personnel from the Patel Institute of Transport Management, with guaranteed business from the transport industry, would continue. This is a very lucrative business activity for your company. Hire purchase would be extended to consumer durable products such as cars, refrigerators, etc. Through the Construction Division, income would be generated through opportune buying and selling of real estate.

Your company has found the financing of housing and building industry to be a lucrative proposition. We intend to build further on this rewarding experience.

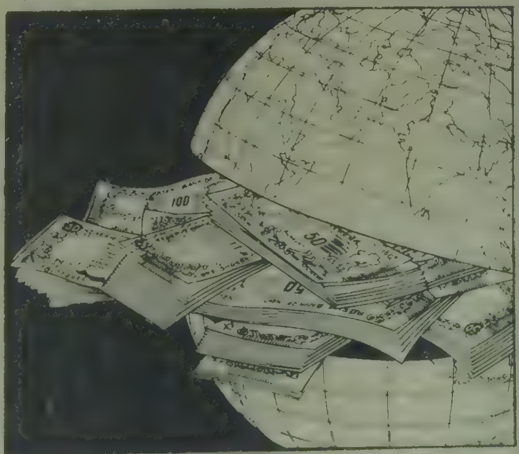
A new Fixed Deposit Centre will be opened shortly at Mohammedali Road, an important commercial and business centre of Bombay. A unique system of accepting deposits and a Teller System would be set up in this modern office. Here truck hire challans of reputed transporters would be discounted. The teller system would be set up for the benefit of small businessmen around the area. Goods Consignment Notes of all reputed transport organisations would be discounted immediately for the benefit of small traders sending their goods through the road transport industry. This would be your Company's first step in establishing such Centres to cater to the trading community and the ultimate consumer. The activities of these Centres would include Fixed Deposit-linked loans to individuals and traders. The Centre would operate as a veritable 'walk-in' retail finance showroom for the public interested in purchasing items such as cars, computers, household items, etc.

The above would be in addition to the usual business with blue chip companies and would also lead your company into one that caters to the needs of the common man and, therefore, in the true sense, become the "PEOPLE'S COMPANY".

Your Board of Directors feel confident that the successful performance would be repeated during the current year, with a good response from members, investors and business clients.

In summarising, I would like to state that 'when the economy was bad, we have done well; and now when the economy is becoming good, we would be doing better.' My appeal to you, dear Shareholders, is, come, let us grow together!

In summarising, I would like to state that 'when the economy was bad, we have done well; and now when the economy is becoming good, we would be doing better.'



The World of Finance

Before I conclude, I would like to express my grateful appreciation to the shareholders, bankers, our clients, my colleagues on the Board, to the staff members of the Company, the Patel Group, and all those who have contributed towards the financial progress of the Company.

Note: This does not purport to be a record of the proceedings of the Meeting

ARMS-WSFL-27-88

TOCKMARKETS

ompany ace value)	Year ended	Eq	Res	Book value (Rs.)	Market Price (Rs.) on 1.7.88	1988		EPS (%)	PE (times)	Last div. (%)	Yield (%)	bonus Last Yr.Ratio
		(Rs in crores)				High	Low					
LUMINIUM		**48.59**	**207.24**		**210.88***			**36.69**	**10.45**		**3.58**	
lum Ind (10)	03/87	2.70	0.20	10.74	3.00	5.75	3.00	-87.04	0.00	0.00	0.00	66 1 : 7
indalco (10)	12/87	13.39	166.64	134.45	86.50	93.00	73.00	104.63	8.27	22.50	2.60	86 1 : 2
dal (10)	12/86	32.50	40.40	22.43	29.00	34.00	25.50	18.98	15.28	14.00	4.83	77 2 : 5
UTO-ANCILLARIES		**68.80**	**69.60**		**305.13***			**30.15**	**14.71**		**2.43**	
uto Crop (10)	03/87	2.35	2.56	20.89	41.00	50.00	31.50	52.77	7.77	17.00	4.15	
harat Gears (10)	07/87	4.01	6.98	27.41	13.75	18.00	12.00	20.95	6.56	12.50	9.09	
abriel (10)	05/86	2.64	3.26	22.35	18.00	23.00	16.50	41.29	4.36	10.00	5.56	78 3 : 2
oetze (10)	06/87	6.92	10.22	24.77	31.00	33.00	25.00	44.08	7.03	22.00	7.10	
ind Ferodo (10)	12/87	5.50	1.19	12.16	19.00	22.00	16.00	13.45	14.12	5.00	2.63	83 4 : 5
alyani Brks (10)	06/87	3.90	0.00	10.00	19.00	28.00	14.75	0.00	0.00	0.00	0.00	
Mico (100)	12/86	38.04	35.99	194.61	567.50	630.00	447.50	32.60	17.41	10.00	1.76	86 1 : 1
und Fast (10)	03/86	3.19	8.67	37.18	57.50	71.00	52.00	35.42	16.23	20.00	3.48	81 2 : 3
ZF Steering (10)	06/87	2.25	0.73	13.24	52.00	67.00	32.00	11.11	46.80	0.00	0.00	
AUTO-CAR JEEP TRAC		**65.66**	**183.44**		**236.12***			**40.89**	**8.79**		**4.35**	
Hind Motors (10)	03/87	26.35	57.33	31.76	23.75	26.50	15.50	21.59	11.00	10.00	4.21	86 1 : 1
Mah & Mah (10)	10/87	19.26	70.79	46.75	57.00	63.00	50.50	57.58	9.90	22.00	3.86	84 1 : 2
Prem Auto (100)	06/87	16.20	42.55	36.27	33.75	39.00	21.50	53.21	6.34	18.00	5.33	1 : 1
Punjab Trac (10)	11/86	1.54	8.79	67.08	44.00	44.00	15.00	27.92	15.76	15.00	3.41	81 2 : 5
Stan Motors (10)	12/86	2.31	3.98	27.23	10.00	10.00	8.25	44.16	2.26	10.00	10.00	
AUTO-LIGHT TRUCK		**58.52**	**52.25**		**95.17***			**- 6.89**	**0.00**		**0.86**	
Allwyn Nis (10)	06/86	16.54	0.00	10.00	8.00	11.00	3.76	0.00	0.00	0.00	0.00	
Bajaj Tempo (10)	09/87	6.60	42.10	73.79	78.75	95.00	64.00	26.21	30.04	12.50	1.59	85 1 : 1
DCM Toyo (10)	06/87	15.00	0.15	10.00	10.50	13.50	6.50	0.00	0.00	0.00	0.00	
Eicher Mot (10)	04/86	9.90	10.00	20.10	8.00	10.00	5.00	0.00	0.00	0.00	0.00	
Swaraj Maz (10)	12/86	10.48	0.00	10.00	6.00	7.00	3.50	- 54.96	0.00	0.00	0.00	0 : 0
AUTO-HVY TRUCK		**74.57**	**240.43**		**427.21***			**44.15**	**12.98**		**3.66**	
Ash Leyland (10)	12/86	21.39	68.18	41.87	37.50	42.00	29.00	27.91	13.44	16.00	4.27	78 1 : 2
Telco (100)	03/88	53.18	172.25	423.90	652.50	701.00	340.00	50.68	12.88	23.00	3.52	82 2 : 5
AUTO 2/3 WHEEL		**67.88**	**236.64**		**197.73***			**117.53**	**2.14**		**8.92**	
A P. Scooters (10)	07/86	9.12	0.24	10.26	4.50	18.00	2.00	40.02	1.12	0.00	0.00	
Bajaj Auto (100)	06/87	18.82	174.99	1029.81	238.75	260.00	187.50	343.04	0.70	80.00	33.51	84 1 : 1
Enfield (10)	06/87	5.04	0.04	10.08	9.75	11.50	8.25	- 158.53	0.00	15.00	15.38	84 1 : 1
Hero Honda (10)	06/86	12.00	1.15	10.96	18.50	23.50	15.50	9.58	19.30	0.00	0.00	
Kinetic Eng (10)	06/87	1.20	14.89	134.08	242.50	285.00	161.25	204.17	11.88	30.00	1.24	83 1 : 1
Kinetic Honda (10)	01/87	10.00	2.25	12.35	22.50	35.50	16.00	- 45.60	0.00	0.00	0.00	
Maha Scoot (10)	06/87	2.86	18.46	74.55	190.00	215.00	80.00	441.61	4.30	35.00	1.84	1 : 1
Sund Clay (10)	05/87	1.14	24.00	220.53	36.00	57.50	29.25	563.16	0.64	40.00	11.11	83 1 : 1
TVS Suzuki (10)	08/86	7.70	0.52	10.68	15.00	16.50	8.00	19.09	7.86	0.00	0.00	
BEARINGS		**33.17**	**35.22**		**182.44***			**37.44**	**14.06**		**1.91**	
Anti-Friction (10)	03/88	3.23	3.75	21.61	18.00	22.00	10.00	49.22	0.04	9.00	5.00	83 1 : 2
Asso Bear (100)	12/86	12.35	22.33	280.81	1275.00	1350.00	1058.00	74.74	17.06	20.00	1.57	86 2 : 5
Bimetal (10)	06/86	1.91	6.70	45.08	57.50	67.50	50.00	71.73	8.02	20.00	3.48	81 1 : 2
Fag Prec (100)	12/87	3.36	3.35	199.70	125.00	125.00	105.00	9.82	12.73	10.00	8.00	
Karna Ball (10)	06/86	12.32	- 0.91	9.26	3.24	7.00	2.50	0.00	0.00	0.00	0.00	
CEMENT		**137.86**	**334.65**		**308.62***			**18.67**	**9.20**		**6.23**	
ACC (100)	07/86	39.88	110.73	377.66	233.00	265.50	134.00	21.59	10.79	2.50	1.07	86 1 : 5
Andhra Cem (10)	03/87	11.93	11.54	19.67	10.00	14.50	8.00	5.78	17.29	10.00	10.00	67 1 : 2
Bagalkot (10)	12/87	3.03	7.94	36.20	30.00	32.00	18.00	35.31	8.50	20.00	6.67	
Birla Jute (10)	03/87	20.27	83.53	51.01	40.50	46.50	33.00	43.25	9.36	16.00	3.95	86 1 : 1
Guj. Ambuja (10)	06/86	17.91	0.00	10.00	14.00	17.00	12.00	0.00	0.00	0.00	0.00	
India Cem (10)	03/87	4.90	19.42	49.63	19.50	22.00	13.50	34.90	5.59	12.00	6.15	70 2 : 5
Mad Cem (100)	12/87	3.02	18.62	716.56	530.00	570.00	305.00	- 153.31	0.00	25.00	4.72	
Mang Cem (10)	12/87	7.11	11.01	25.49	20.50	22.00	13.00	23.91	8.57	15.00	7.32	
Mysore Cem (10)	06/87	4.98	16.25	42.63	25.00	27.00	18.00	30.92	8.08	175.00	70.00	85 2 : 5
Narm Cem (10)	12/86	13.99	0.15	10.11	5.25	7.25	4.00	- 22.66	0.00	0.00	0.00	
Orissa Cem (10)	12/87	5.40	31.58	68.48	34.00	34.00	14.75	79.63	4.27	20.00	5.88	1 : 1
Raasi Cem (10)	06/86	5.34	23.88	54.72	16.50	21.00	14.50	95.69	1.72	18.00	10.91	
CHEMICALS		**245.94**	**350.07**		**1136.52***			**61.12**	**7.45**		**3.83**	
BASF (10)	12/87	3.01	11.14	47.01	112.00	127.00	92.50	68.44	16.37	20.00	1.79	1 : 2
Bayer (100)	12/87	16.22	11.18	168.93	350.00	370.00	145.00	27.13	12.90	16.00	4.57	1 1
Cam & All (100)	12/87	2.60	4.88	287.69	135.00	162.50	122.50	35.00	3.86	18.00	13.33	82 1 : 3
Chloride (10)	08/86	12.91	16.22	22.56	65.00	80.00	60.00	69.48	9.36	31.00	4.77	3 : 5
Citurgia (10)	03/87	5.25	7.05	23.43	69.00	74.00	60.00	46.29	14.91	22.00	3.19	
Deepak Nit (10)	10/87	2.43	4.00	26.46	40.00	44.00	29.00	39.92	10.02	15.00	3.75	86 1 : 2
Gujarat Alk (10)	03/87	17.48	29.77	27.03	45.00	48.00	29.50	17.33	25.96	26.00	5.78	85 1 : 5
Gujarat Petro (10)	05/87	3.82	1.00	12.62	25.50	33.00	12.50	35.34	7.22	12.50	4.90	
Herdillia (10)	06/87	7.35	17.03	33.17	51.00	53.00	39.00	60.41	8.44	21.00	4.12	
Hico Prod (10)	12/87	3.30	4.64	24.06	18.00	25.00	13.00	24.24	7.42	10.00	5.56	
IEL (10)	09/87	40.87	72.49	27.74	36.00	44.00	30.00	12.36	29.14	12.50	3.47	1 : 3
Ind Oxygen (10)	09/87	14.60	13.72	19.40	33.25	40.50	28.50	21.58	15.41	16.00	4.81	1 : 3
Indrol (10)	06/87	5.09	9.41	28.49	175.00	215.00	81.25	56.78	30.82	20.00	1.14	1 : 1
ION Exch (10)	3./46	1.15	1.15	20.00	50.00	112.50	47.50	95.65	5.23	20.00	4.00	3 : 5
Max India (10)	09/86	2.00	0.28	11.40	36.00	45.00	32.00	46.00	7.83	15.00	4.17	
Modi Alkalies (10)	04/87	11.66	0.16	10.14	5.00	7.50	3.00	542.28	0.09	0.00	0.00	
Nat Perox (100)	03/87	2.30	7.97	446.52	930.00	280.00	850.00	110.43	8.42	30.00	3.23	
Nocil (100)	12/87	3.60	5.56	254.44	435.00	525.00	390.00	48.06	9.05	20.00	4.60	86 1 : 2
PIL (100)	12/87	28.96	14.00	148.34	610.00	615.00	293.04	52.31	11.66	28.00	4.59	1 : 2
Punjab Alk (10)	06/87	10.25	0.21	10.20	6.50	10.00	5.75	- 14.73	0.00	0.00	0.00	
Syn & Chem (100)	03/87	5.81	4.37	175.22	37.00	39.00	29.50	20.83	1.78	15.00	40.54	
Tata Chem (10)	03/87	27.19	102.12	47.56	68.50	78.00	59.00	83.12	8.24	25.00	3.65	85 2 : 5
Tuti Alkalies (10)	12/86	12.93	0.00	10.00	15.50	20.00	11.00	- 5.41	0.00	0.00	0.00	
Vam Org (10)	04/87	5.16	11.72	32.71	94.00	101.00	75.00	69.96	13.44	25.00	2.66	84 3 : 5
CIGARETTES		**46.80**	**70.46**		**157.18***			**49.32**	**6.81**		**8.65**	
Godfrey Phil (10)	12/87	2.60	3.25	22.50	18.00	20.00	10.00	33.46	5.38	25.00	13.89	75 1 : 1
GTC (10)	06/87	5.00	9.32	28.64	12.50	16.00	12.00	39.40	3.17	25.00	20.00	1 : 4
ITC (10)	06/87	33.17	45.91	23.84	40.00	45.50	30.00	52.58	7.61	30.00	7.50	81 1 : 5
VST Ind (10)	09/87	6.03	12.00	29.90	22.50	31.50	19.00	46.43	4.85	29.00	12.89	77 3 : 5

Note: Eq: equity capital; Res: reserves; EPS: earnings per share; PE: price to earnings; Div: dividend; Yr: year; *market capitalisation in Rs crores.

Company (Face value)	Year ended	Eq	Res	Book value (Rs.)	Market Price (Rs.) on 1.7.88	1988		EPS (%)	PE (times)	Last div. (%)	Yield (%)	bonus Last Yr.Ratio
		(Rs in crores)				High	Low					
COMPUTERS		**9.85**	**8.85**		**52.45***			**28.22**	**18.87**		**5.83**	
ICIM (10)	12/87	4.13	5.25	22.71	25.00	40.50	23.00	9.20	27.17	16.00	6.40	
P.S.I. Data	06/86	1.34	0.57	14.25	12.00	25.50	10.50	18.66	6.43	17.00	14.17	0 : 0
Tata Unisys (10)	12/86	4.38	3.03	16.92	92.50	115.00	65.00	49.09	18.84	40.00	4.32	2 : 5
CONSTRUCTION		**18.72**	**66.78**		**98.12***			**55.18**	**7.99**		**3.79**	
Cemindia (10)	09/87	1.28	4.79	47.42	92.50	117.50	85.00	101.56	9.11	27.00	2.92	84 3 : 5
Gammon (100)	07/87	2.16	13.43	72.18	67.50	92.00	31.00	16.20	41.66	15.00	2.22	82 2 : 5
Hind-Dorr-Ol (10)	11/87	2.37	10.80	55.57	135.00	212.50	120.00	161.60	8.35	37.50	2.78	86 1 : 1
Hind Const (10)	07/87	6.30	17.11	37.16	7.00	9.50	4.00	- 30.95	0.00	15.00	21.43	83 1 : 1
SAE (100)	12/87	1.80	10.51	68.39	140.00	173.75	125.00	227.78	6.15	25.00	1.79	83 1 : 1
S.I.E. (10)	09/87	4.81	10.14	31.08	21.00	26.00	18.00	56.13	3.74	16.00	7.62	1 : 1
COSME & TOILET		**134.11**	**140.12**		**1150.40***			**52.44**	**16.36**		**3.54**	
Colgate (10)	12/86	15.72	6.37	14.05	207.50	222.50	168.75	63.23	32.82	52.00	2.51	1 : 1
Hind Lever (10)	12/87	93.32	90.17	19.66	65.50	74.50	31.00	49.82	13.15	25.00	3.82	1 : 1
Lakme (10)	06/87	1.83	5.81	41.75	75.00	95.00	59.75	51.91	14.45	25.00	3.33	85 2 : 5
Oswal Agro (10)	06/87	11.02	10.96	19.95	85.00	85.00	50.00	73.05	11.64	50.00	5.88	
Ponds (10)	06/87	5.88	8.60	24.63	150.00	178.50	132.50	61.39	24.43	40.00	2.67	84 1 : 1
Tomco (25)	03/87	6.34	18.21	96.81	68.50	86.00	59.00	20.35	13.47	15.00	5.47	81 2 : 5
COTT & WOL TEXT		**92.70**	**262.01**		**506.94***			**67.35**	**8.12**		**2.75**	
Ahm Calico (125)	06/87	13.56	16.43	276.46	28.00	41.00	25.00	134.66	0.17	0.00	0.00	77 1 : 7
Bom Dyeing (10)	03/87	11.24	40.01	45.60	140.00	159.50	94.00	49.29	28.40	14.70	1.05	79 1 : 1
Khatau Spg (100)	12/86	3.37	7.01	308.01	85.00	115.00	65.00	19.88	4.28	10.00	11.76	79 1 : 2
Madura Cots (10)	06/87	21.81	33.74	25.47	70.00	75.00	58.00	41.36	16.93	25.00	3.57	86 1 : 2
Mafat Fine (100)	03/87	6.48	16.38	352.78	155.00	300.00	145.00	41.36	3.75	17.00	10.97	
Mafat Ind (125)	03/87	8.10	40.71	753.24	217.50	250.00	210.00	79.88	2.18	1.76	1.01	78 1 : 5
Morarjee (10)	06/87	4.20	10.02	33.86	190.00	220.00	190.00	42.62	44.58	15.00	0.79	81 1 : 2
Raymond (10)	03/87	11.24	53.80	57.86	49.00	51.00	43.00	101.16	4.84	25.00	5.10	82 1 : 1
Shri Dinesh (100)	06/87	1.65	11.34	787.27	600.00	650.00	475.00	106.67	5.62	1.70	0.28	3 : 5
Stan Mills (100)	12/86	11.05	32.57	394.75	200.00	300.00	190.00	44.07	4.54	16.00	8.00	82 2 : 5
DIVERSIFIED		**230.13**	**694.43**		**1344.60***			**40.73**	**13.77**		**4.36**	
Ahmed Adv (100)	06/86	3.46	3.18	191.91	190.00	225.00	0.00	32.95	5.77	0.00	0.00	81 1 : 3
Century (100)	12/87	26.62	126.63	575.69	840.00	870.00	680.00	59.88	14.03	24.00	2.86	2 : 3
D.C.M. (10)	06/87	23.02	52.94	33.00	45.75	47.50	28.50	2.13	214.93	80.00	17.49	
EID-Parry (10)	06/87	6.28	5.12	18.15	31.50	38.50	30.75	28.66	10.99	15.00	4.76	0 : 0
Escorts (10)	12/86	21.40	54.35	35.40	49.00	54.50	36.50	35.05	13.98	22.00	4.49	3 : 5
Forbs Camp (10)	06/87	4.25	4.59	20.80	26.50	35.00	24.00	32.00	8.28	20.00	7.55	82 2 : 5
Hind Devel (10)	12/87	8.40	82.99	108.80	105.00	107.00	64.00	61.19	17.16	20.00	1.90	1 : 1
Hind Allwyn (10)	07/87	18.51	10.86	15.87	9.50	12.00	7.50	16.15	5.88	15.00	15.79	
Kesoram (10)	03/88	8.85	52.00	68.76	49.00	51.50	33.50	4.07	120.46	23.50	4.80	80 1 : 2
L & T (10)	09/87	51.99	149.70	38.79	93.00	101.50	78.50	53.14	17.50	20.00	2.15	3 : 5
Lohia (10)	10/86	13.50	8.64	16.40	14.75	20.00	7.75	34.74	4.25	20.00	13.56	80 4 : 5
Mac & Mag (10)	06/86	2.74	8.56	41.24	45.00	47.75	43.75	16.42	27.40	7.00	1.56	
Modi Indu (10)	09/86	2.17	12.66	68.34	44.00	88.00	39.00	162.67	2.70	12.00	2.73	1 : 5
Rallis (100)	05/87	5.64	20.72	467.38	72.50	90.00	50.00	103.55	0.70	3.00	4.14	77 3 : 10
Reck & Col (10)	01/88	4.19	13.30	41.74	212.00	224.00	44.50	130.55	16.24	30.00	1.42	85 1 : 1
Straw Prod (10)	12/87	10.14	34.65	44.17	38.00	41.00	31.00	40.34	9.42	20.00	5.26	72 1 : 2
Texmaco (10)	12/86	1.87	11.06	69.14	23.00	23.70	17.00	- 208.56	0.00	0.00	0.00	
Voltas (100)	08/87	9.78	27.62	382.41	292.50	295.00	230.00	70.04	4.18	16.00	5.47	81 1 : 4
Zenith (10)	06/87	7.32	14.86	30.30	47.00	52.00	36.00	32.38	14.52	30.00	6.38	79 1 : 4
DYESTUFFS		**16.77**	**26.98**		**53.36***			**37.03**	**8.59**		**6.60**	
Coates (100)	10/87	1.33	2.99	32.48	52.50	70.00	0.00	87.22	6.02	22.00	4.19	1 : 5
Col-Chem (100)	03/87	7.94	10.84	236.52	400.00	420.00	320.00	42.44	9.42	27.50	6.88	2 : 5
Ind Dyes (100)	03/87	7.50	13.15	275.33	195.00	290.00	195.00	22.40	8.71	14.00	7.18	80 1 : 4
ELECTRICALS		**95.00**	**191.27**		**340.98***			**29.16**	**11.47**		**4.23**	
Asea (10)	12/86	3.00	4.18	23.93	52.00	68.00	33.00	16.67	31.20	15.00	2.88	80 1 : 3
Asian Cab (100)	12/86	3.03	5.00	265.02	41.00	50.50	28.00	42.24	0.97	17.00	41.46	81 1 : 3
Best & Crom (10)	12/86	4.50	17.45	48.78	36.50	38.00	29.50	20.22	18.05	15.00	4.11	82 3 : 5
Eng Elec (10)	03/87	4.50	17.83	49.62	61.00	66.00	7.50	87.33	6.98	27.50	4.51	1 : 1
GEC (10)	03/87	7.20	16.94	33.53	39.00	43.50	26.00	24.17	16.14	10.00	2.56	72 2 : 1
Genelec (10)	06/86	2.16	4.06	28.80	53.50	95.00	46.00	90.28	5.93	25.00	4.67	84 1 : 1
Hind Brown (100)	04/87	10.07	11.26	211.82	330.00	350.00	265.00	18.17	18.16	16.00	4.85	78 1 : 3
Math & Platt (10)	06/87	10.68	4.39	14.11	56.00	82.50	46.50	36.70	15.26	20.00	3.57	1 : 1
Punj Anand (10)	09/86	1.19	22.00	194.87	5.50	8.00	4.00	- 170.59	0.00	5.10	9.27	
Siemens (10)	09/87	13.50	33.08	34.50	65.00	78.00	56.00	38.52	16.88	16.00	2.46	1 : 4
Stand Batt (100)	06/86	1.02	5.28	617.65	500.00	500.00	500.00	52.94	9.44	10.00	2.00	70 1 : 5
Uni Carb (10)	12/86	32.58	37.21	21.42	15.25	15.25	11.80	20.99	7.26	12.00	7.87	80 1 : 2
W.S. Insul (10)	09/85	1.57	12.59	90.19	28.00	28.00	10.00	69.43	4.03	18.00	6.43	
ELECTRICITY		**71.50**	**306.94**		**128.09***			**80.84**	**2.22**		**8.30**	
Ahmed Elec (100)	03/87	15.24	64.75	524.87	137.50	140.00	3.46	55.64	2.47	16.00	11.64	1 : 5
Andh Valley (100)	03/86	9.32	25.72	375.97	170.00	170.00	140.00	19.10	8.90	16.00	9.41	75 1 : 9
B.S.E.S. (100)	03/87	5.85	62.09	1161.37	177.50	180.00	93.00	123.08	1.44	2.00	1.13	81 1 : 3
Cal Elec (10)	03/87	16.94	62.16	46.69	17.20	18.50	12.50	55.96	3.07	16.00	9.30	1 : 5
Tata Hydro (100)	03/86	6.55	18.38	380.61	172.50	200.00	140.00	18.63	9.26	16.00	9.28	75 1 : 12
Tata Power (100)	03/87	17.60	73.84	519.55	230.00	255.00	176.25	168.41	1.37	16.00	6.96	75 1 : 54
ELECTRONICS		**50.62**	**66.95**		**124.92***			**26.77**	**9.22**		**3.27**	
Gramophone (10)	09/87	4.37	0.86	11.97	4.00	5.87	4.00	135.01	0.30	0.00	0.00	76 3 : 1
Nelco (100)	12/87	6.62	0.30	104.53	115.00	150.00	60.00	11.18	10.29	0.00	0.00	
Peico (10)	12/87	33.32	53.59	26.08	31.00	35.50	22.00	12.09	25.63	10.00	3.23	82 1 : 5
Samtel (10)	10/87	2.00	6.45	42.25	35.50	57.50	12.12	132.00	2.69	25.00	7.04	1 : 3
Usha Rect (10)	12/87	4.31	5.75	23.34	12.00	19.00	11.00	5.57	21.55	6.00	5.00	83 7 : 8
ENGINEERING		**171.19**	**268.37**		**809.00***			**36.03**	**12.45**		**2.06**	
Alfa Lavel (10)	12/87	5.21	15.05	38.89	63.25	74.00	47.00	53.74	11.77	18.00	2.85	86 1 : 2
Andhrew Yule (10)	03/87	9.41	22.81	34.24	18.00	24.00	18.00	27.21	6.62	10.00	5.56	67 2 : 5
Atlas Copco (10)	12/87	7.25	8.63	21.90	47.00	59.00	34.00	16.41	28.63	16.00	3.40	1 : 2
Avery India (10)	12/87	4.20	9.34	32.24	106.00	131.00	93.00	85.71	12.37	35.00	3.30	2 : 5
C.P. Tools (10)	01/87	4.57	7.57	265.65	480.00	820.00	45.00	50.77	9.46	18.00	3.75	82 1 : 1
Elecon Engg (10)	12/87	5.65	24.84	53.96	47.00	27.75	16.50	46.02	10.21	15.00	3.19	3 : 5
Facit Asia (10)	06/86	1.91	2.17	21.36	36.00	80.00	32.00	45.55	7.90	15.00	4.17	86 2 : 5

Note: Eq: equity capital; Res: reserves; EPS: earnings per share; PE: price to earnings; Div: dividend; Yr: year; *market capitalisation in Rs crores.

Company (Face value)	Year ended	Eq (Rs in crores)	Res	Book value (Rs)	Market Price (Rs.) on 1.7.88	1988		EPS (%)	PE (times)	Last div (%)	Yield (%)	Last bonus	
						High	Low					Yr	Ratio
Flakt (10)	12 87	3.40	21.30	72.65	54.00	63.75	54.00	43.53	12.41	20.00	3.70	00	1:3
GKW (10)	12 86	24.06	20.60	18.56	8.50	10.10	6.25	2.16	39.33	5.00	5.88	83	1:3
IAEC (10)	01 88	1.11	0.31	12.79	5.00	19.50	5.00	-299.10	0.00	12.00	24.00	85	3:5
Ind Sewing (10)	06 86	2.00	7.43	47.15	47.00	56.25	43.00	327.00	1.44	20.00	4.26		
Inger Rand (10)	12 86	7.90	13.25	26.77	255.00	335.00	215.00	97.09	26.26	25.00	0.98	85	1:1
Kelvinator (10)	06 87	3.55	19.61	65.24	56.00	69.00	35.00	72.11	7.77	15.00	2.68	84	1:1
Kirl Cumm (100)	09 87	26.40	37.16	240.76	57.00	59.00	24.00	38.07	1.50	2.00	3.51	00	1:1
Kirl Oil (10)	06 87	5.75	11.55	30.09	14.50	16.50	13.00	59.83	2.42	12.50	8.62		3:7
Kirl Pneu (10)	09 87	3.85	3.36	18.73	33.00	36.50	16.00	18.44	17.89	12.50	3.79		
KSB Pumps (10)	12 87	4.35	11.98	37.54	255.00	425.00	215.00	123.45	20.66	20.00	0.78	86	1:1
Metalbox (10)	03 87	14.68	6.68	14.55	5.50	7.00	4.50	9.60	5.73	0.00	0.00		
Modi Xerox (10)	04 87	17.45	0.00	10.00	33.50	37.50	21.50	8.31	40.32	0.00	0.00		
Otis (10)	11 87	5.04	9.61	29.07	175.00	215.00	162.50	75.79	23.09	25.00	1.43	85	1:1
Rem Rand (10)	03 87	2.67	3.77	24.12	28.00	29.00	24.00	35.58	7.87	18.00	6.43	00	1:2
Sandvik (100)	12 86	5.77	5.13	188.91	640.00	740.00	630.00	27.90	22.94	2.00	0.31	84	1:1
Tata Robins (10)	03 88	2.01	3.77	28.76	30.00	45.00	29.00	53.73	5.58	18.00	6.00	77	1:4
Walchand (10)	09 87	3.00	2.45	18.17	9.50	12.00	9.00	13.33	7.12	16.00	16.84	82	1:2
FERTILISERS		**217.03**	**424.71**		**1100.82***			**65.14**	**7.79**		**5.05**		
Coromandel (10)	03 87	24.32	38.31	25.75	30.00	35.00	21.00	41.86	7.17	80.00	26.67		1:2
Deepak Fert (10)	12 86	11.50	5.32	4.63	24.50	45.00	23.00	58.78	5.87	15.00	4.35		
Dharam Mor (50)	12 87	6.42	9.77	25.22	22.00	25.00	14.00	12.77	17.22	10.00	4.55		2:5
GNFC (10)	06 86	88.99	93.05	20.46	43.00	51.00	26.50	71.93	5.98	18.00	4.19		
GSFC (10)	12 87	26.95	149.15	65.34	122.00	140.00	93.50	129.87	9.39	30.00	2.46	00	3:10
Mangal Fert (10)	12 86	12.42	13.87	21.17	23.00	34.00	15.50	87.44	2.63	12.00	5.22		
SPIC (10)	12 87	34.00	67.09	29.73	48.00	60.00	22.75	14.91	32.19	15.00	3.12	86	1:1
Zuari Agro (10)	12 86	12.43	48.15	48.74	27.00	67.00	34.00	69.75	8.17	25.00	4.39		
FOOD PRODUCTS		**67.71**	**115.54**		**686.75***			**81.91**	**12.38**		**2.94**		
Britannia (10)	11 87	12.38	20.97	26.94	87.00	91.00	80.00	63.73	13.65	24.00	2.76	00	2:5
Corn Prod (10)	9 87	0.75	1.01	23.47	25.00	42.50	23.00	22.67	11.03	14.00	5.60	00	14:9
Food Spec (10)	12 87	19.20	19.62	20.22	125.00	138.75	52.50	55.57	22.49	25.00	2.00	00	1:1
Hind Cocoa (10)	06 87	8.40	7.47	18.89	78.75	91.25	18.12	53.10	14.83	30.00	3.81	85	1:1
HMM (10)	04 87	14.18	8.12	15.73	125.00	145.00	66.25	149.44	8.36	55.00	4.40	85	1:1
McDowell (10)	6 87	6.40	42.05	75.70	88.50	92.50	72.00	109.22	8.10	15.00	1.69	86	1:1
Milk Food (10)	12 86	1.14	3.75	42.89	130.00	135.00	75.00	91.23	14.25	15.00	1.15		1:1
Skol Brew (10)	06 87	1.26	2.62	30.79	50.00	54.00	45.00	65.87	7.59	20.00	4.00	82	2:5
United Brew (10)	06 87	4.00	9.53	33.82	40.00	40.75	36.50	55.50	7.21	15.00	3.75	00	1:1
IRON & STEEL		**165.88**	**483.18**		**1213.39***			**71.17**	**10.28**		**2.82**		
Bihar Alloy (10)	12 87	7.80	10.90	23.97	17.00	20.00	12.25	15.26	11.14	0.00	0.00		
Ipitata (10)	12 86	12.00	0.00	10.00	14.50	15.00	9.00	00.00	0.00	0.00	0.00		
Jindal Iron (10)	09 87	1.80	0.22	11.22	15.00	15.50	8.50	2.78	54.00	10.00	6.67		
Kalyani Steel (10)	08 87	10.11	8.66	95.74	300.00	360.00	255.00	347.52	8.63	50.00	1.67		1:2
Mah Ugine (10)	06 87	7.30	17.76	34.33	55.00	62.50	15.00	67.81	8.11	20.00	3.64		
Mukand (10)	6 87	9.82	15.27	25.55	84.00	97.00	72.50	81.36	10.32	18.00	2.14		1:2
Rathi Alloys (10)	06 87	2.88	4.36	25.14	31.00	36.50	15.00	9.38	33.07	10.00	3.23		
Spec Steel (100)	12 87	7.59	10.68	240.71	650.00	737.50	590.00	104.74	6.21	15.00	2.31		
Tisco (100)	03 88	115.68	415.33	459.03	837.50	907.50	570.75	79.66	10.51	25.00	2.99	00	2:5
LEASING & FIN		**33.84**	**36.48**		**62.98***			**40.57**	**4.59**		**10.78**		
20th Cent (10)	11 86	6.34	10.86	27.13	28.50	28.50	16.00	59.78	4.77	27.00	9.47	85	2:5
Cifco (10)	7 86	4.76	0.21	10.44	7.50	10.00	6.00	12.61	5.95	15.00	20.00		
First Leas (10)	11 86	3.79	8.22	31.69	17.25	27.50	14.00	50.40	3.42	25.00	14.49		
Mazda Leas (10)	06 87	4.32	2.32	15.37	15.00	19.50	14.00	45.37	3.31	25.00	16.67		
Nagarju Fin (10)	09 86	2.44	1.92	17.87	11.25	13.00	10.50	54.92	2.05	23.00	20.44		
Press Leas (10)	09 86	2.46	1.66	16.75	8.00	10.00	7.00	50.41	1.59	23.00	28.75		
Ross Mur (10)	06 87	3.73	3.29	18.82	15.00	16.00	10.50	46.65	3.22	26.00	17.33		
Sund Fin (10)	03 87	6.00	8.00	23.33	30.00	31.00	25.50	19.17	15.65	4.00	1.33	00	1:1
PAINTS		**17.00**	**39.35**		**211.85***			**84.41**	**14.76**		**2.16**		
Asian Paints (10)	12 87	12.44	32.88	36.43	153.75	167.50	135.00	100.80	15.25	30.00	1.95	86	1:2
Garwa Paints (10)	06 87	1.32	2.09	25.83	21.00	25.50	21.00	25.00	8.40	15.00	7.14	81	1:4
Good Nerol (10)	06 86	3.24	4.38	23.52	55.00	65.00	34.00	45.68	12.04	20.00	3.64	78	5:7
PAPER		**42.83**	**130.77**		**134.12***			**40.44**	**7.74**		**5.59**		
Andh Paper (100)	06 86	5.62	11.25	300.18	72.50	80.00	60.00	43.24	1.68	16.00	22.07	80	1:4
Balkrishna (10)	03 87	1.20	5.72	57.67	57.50	72.50	57.50	199.17	2.89	22.00	3.83	85	1:1
Ballarpur Ind (10)	06 87	13.98	65.70	57.00	41.00	46.00	33.00	35.26	11.63	22.00	5.37	81	1:5
Bhadrachal (10)	09 87	10.57	17.71	26.75	26.50	29.00	25.00	41.63	6.37	20.00	7.55		
Orient (10)	03 87	11.46	30.39	36.52	33.00	74.00	24.25	27.66	11.93	10.00	3.03	00	1:2
PESTICIDES		**7.90**	**10.42**		**38.14***			**-27.97**	**0.00**		**1.88**		
Excel Ind (10)	09 87	2.62	7.12	37.18	52.00	59.50	31.00	22.90	22.71	10.00	1.92	84	4:5
Ficom (10)	09 87	1.28	3.18	34.84	177.50	195.00	130.00	170.31	10.42	30.00	1.69	00	1:1
Volhrho (10)	09 86	4.00	0.12	10.30	4.50	5.00	4.00	-124.75	0.00	0.00	0.00		
PHARMACEUTICALS		**159.75**	**249.80**		**1044.90***			**35.74**	**18.17**		**4.88**		
Abbott Lab (10)	11 87	2.25	1.62	17.20	39.00	53.00	39.00	-8.89	00.00	00.00	0.00		
Alembic Ch (100)	12 87	2.57	0.28	110.89	162.50	180.00	135.00	30.35	5.35	15.00	9.23		
Ambala Sar (10)	06 86	22.20	2.53	11.14	12.75	16.00	10.16	45.72	2.79	0.00	0.00	81	1:5
Astra Id (10)	06 87	2.50	2.24	8.96	31.00	35.00	37.00	27.00	11.00	10.00	2.23		
Boehringer (10)	04 87	1.00	1.15	21.50	60.00	62.50	46.00	-21.00	0.00	10.00	1.67		
Boots (10)	12 86	8.10	4.93	16.09	96.00	117.00	63.00	38.15	25.17	32.00	3.33		1:1
Burroughs (10)	08 87	3.00	11.76	49.20	157.50	170.00	104.00	39.33	38.14	15.00	1.00	84	2:1
E Merck (10)	12 87	5.94	5.04	18.48	56.50	59.00	3.98	22.22	25.42	16.00	2.83	00	3:5
Esrayel (10)	12 87	12.35	30.44	34.65	151.25	220.50	145.00	87.77	17.23	220.00	14.55		
German Rem (10)	12 87	3.26	4.92	25.09	53.50	63.00	30.00	28.53	18.75	10.00	1.87	82	3:5
Glaxo (10)	06 86	20.00	26.48	23.24	62.75	71.00	58.50	14.75	42.54	18.00	2.87	80	1:3
Hind Ciba (100)	12 87	17.71	31.79	279.50	460.00	520.00	332.50	38.17	12.05	20.00	4.35	80	1:2
Hoechst (100)	12 87	9.57	25.36	364.99	515.00	610.00	440.00	18.39	28.00	10.00	1.94	82	1:2
Jayant Vit (10)	06 87	3.88	3.87	19.97	33.00	40.00	9.44	19.33	17.07	21.00	6.36		2:5
May & Baker (10)	12 87	4.50	6.38	24.18	43.50	52.00	33.00	31.78	13.69	10.00	2.30		
Merind (10)	12 86	1.80	1.71	19.50	30.00	38.00	28.00	9.44	31.76	10.00	3.33		
Nicholas Lab (10)	06 87	1.46	1.63	21.16	58.00	58.00	42.00	17.81	32.57	18.00	3.10		
Parke Davis (10)	11 86	3.36	3.79	21.28	34.00	41.00	33.00	37.80	9.00	25.00	7.35		

Note Eq: equity capital; Res: reserves; EPS: earnings per share; PE: price to earnings; Div: dividend; Yr: year;
* market capitalisation in Rs crores

Company (Face value)	Year ended	Eq (Rs in crores)	Res	Book value (Rs.)	Market Price (Rs.) on 1.7.88	1988		EPS (%)	PE (times)	Last div (%)	Yield (%)	Last bonus	
						High	Low					Yr	Ratio
Pfizer (10)	11 87	11.72	22.67	26.12	65.50	79.00	55.50	2.28	287.79	10.00	1.53	77	4:5
Ranbaxy (10)	12 87	3.43	12.23	45.66	75.50	163.50	75.50	74.93	10.08	20.00	2.65	80	1:1
Rich Hind (10)	06 87	3.71	6.50	27.52	285.00	305.00	255.00	101.89	27.97	45.00	1.55	85	1:2
Sandoz (10)	12 87	5.30	19.68	47.13	66.50	80.00	59.00	23.21	28.65	16.00	2.41	84	2:7
Searle (10)	12 87	3.47	14.56	51.96	125.00	147.50	90.00	80.40	15.55	20.00	1.60	86	1:1
Unichem (100)	09 87	1.35	4.83	457.78	30.00	36.00	10.66	43.70	0.69	2.00	6.67	00	1:2
Warner Hind (10)	11 86	2.98	3.41	21.44	42.50	90.00	40.00	63.76	6.67	25.00	5.88		3:10
PLASTICS		**19.61**	**39.05**		**100.53***			**43.04**	**11.91**		**2.93**		
Bajaj Plas (10)	12 87	1.50	4.94	42.93	22.00	29.00	21.00	12.00	18.33	20.00	9.09	86	1:1
Bake Hylam (10)	06 87	4.50	8.21	28.24	26.50	27.50	15.00	23.78	11.14	16.00	6.04	80	2:3
Garwa Plas (10)	06 87	5.81	15.34	36.40	80.00	88.00	72.00	75.73	10.56	20.00	2.50		
Sup Indus (100)	06 87	1.80	5.30	394.44	1690.00	2050.00	1550.00	106.67	15.84	3.00	0.18	00	4:5
V.I.P. Ind (10)	07 87	6.00	5.26	18.77	14.00	22.00	12.75	14.50	9.66	12.00	8.57		0:0
SHIPPING		**113.83**	**64.26**		**220.77***			**39.76**	**4.88**		**6.53**		
Dempo St (100)	06 85	2.00	-9.83	-391.50	5.00	65.00	5.00	00.00	0.00	0.00	0.00		
Essar Ship (10)	12 87	35.35	38.00	20.75	19.00	26.50	15.50	22.07	8.61	20.00	10.53		
Great East (10)	06 87	51.73	29.01	15.61	27.50	33.75	21.25	13.15	20.92	12.50	4.55	83	2:3
India Steam (10)	03 87	5.81	3.77	16.49	7.10	8.40	4.15	20.83	3.41	15.00	20.13		
Scindia (10)	06 86	18.94	3.31	11.75	3.76	5.00	1.50	155.49	0.24	0.00	0.00	00	3:10
SYNTHETIC TEXT		**203.49**	**560.11**		**1785.45***			**15.20**	**31.08**		**2.31**		
Baroda Ray (100)	06 87	12.14	18.84	255.19	242.50	282.50	155.00	-46.71	0.00	18.00	7.42	82	1:2
Bharat Com (10)	12 85	3.75	4.90	23.07	17.00	19.00	00.00	17.07	09.96	0.00	0.00	82	1:2
Cen Enka (100)	12 87	16.62	65.10	491.70	1390.00	1400.00	771.00	84.30	16.49	38.00	2.73	85	1:2
Garware Nyl (10)	08 87	9.72	13.30	23.68	38.00	43.00	20.00	2.78	136.80	15.00	3.95	82	1:2
Grasim (10)	12 87	3.00	4.78	25.93	106.00	108.50	82.50	65.33	16.22	21.00	1.98		
Indian Rayon (10)	06 87	6.87	42.75	72.23	69.00	75.00	46.00	65.79	10.49	28.00	4.06	80	1:4
IOC (10)	03 88	12.46	15.13	22.14	19.75	27.00	15.00	-89.17	0.00	15.00	7.59	85	1:2
J.K. Synth (10)	03 87	25.25	36.90	24.61	65.00	74.00	44.50	-9.50	0.00	10.00	1.54	83	1:3
Nat Ray (100)	06 87	6.01	5.39	189.68	100.00	100.00	40.00	-121.96	0.00	0.00	0.00	72	1:4
Nirlon (10)	09 86	10.46	13.04	22.47	10.50	16.00	5.00	25.81	4.07	22.50	21.43	82	1:2
Orkay (10)	03 87	24.02	44.93	28.71	40.50	50.50	17.00	32.68	12.39	20.00	4.94		
Reliance (10)	12 86	51.61	254.12	59.24	195.00	231.00	70.00	27.46	71.02	25.00	1.28	83	3:5
S.I. Viscose (100)	03 87	7.25	12.31	267.48	320.00	370.00	205.00	79.73	4.01	20.00	6.25	00	
Shriram Fib (10)	09 87	10.33	22.70	31.97	56.00	61.00	33.00	27.20	20.59	18.00	3.21	83	1:2
Swad Poly (10)	09 85	3.90	5.92	25.18	30.00	40.00	22.00	67.95	4.42	25.00	8.33		
TEA		**120.73**	**273.76**		**968.95***			**65.06**	**12.34**		**3.67**		
Assam Co (10)	06 85	7.00	10.12	24.46	104.00	118.00	97.00	143.43	7.25	32.50	3.12	85	1:1
Assam Front (10)	06 86	3.00	4.93	26.43	119.00	121.00	85.00	50.67	23.49	30.00	2.52		
Bom Burm (100)	09 87	5.52	14.31	359.24	380.00	490.00	360.00	38.77	9.80	2.00	0.53	78	1:4
Brooke Bond (10)	06 87	24.53	22.90	19.34	85.00	95.00	74.50	58.74	14.47	30.00	3.53	87	3:5
Dom Dooma (10)	12 86	5.60	17.89	41.95	60.50	72.00	44.50	50.18	12.06	40.00	6.61	84	1:1
Dun Agro (100)	12 86	2.03	14.11	795.07	165.00	172.00	5.61	92.12	1.79	15.00	9.09		1:2
George Will (10)	06 87	6.30	17.72	38.13	107.00	122.00	90.00	75.71	14.13	35.00	3.27	85	4:5
Goodrickes (10)	06 87	7.20	18.25	35.35	90.00	104.00	25.00	86.39	10.42	20.00	2.22		1:1
Harrison Mal (10)	03 87	6.50	15.42	33.72	48.50	53.00	10.01	60.92	7.96	25.00	5.15	00	2:5
Jayashree (10)	03 86	6.15	41.00	76.67	40.00	45.00	32.00	12.20	36.80	13.00	3.25	85	1:2
Lipton (10)	06 87	15.75	8.19	15.20	63.50	66.50	52.00	40.00	15.88	20.00	3.15		
McLeod Russ (10)	06 87	6.25	17.13	37.41	97.00	130.50	90.00	80.64	12.03	45.00	4.64	00	1:1
Tata Tea (10)	12 87	12.20	54.82	54.93	140.50	145.00	105.00	90.49	15.53	45.00	3.20	79	1:3
Tea Estates (10)	06 87	8.80	7.77	18.83	55.00	103.00	48.50	37.61	14.62	45.00	8.19	85	1:1
Warren Tea (10)	03 87	3.90	9.20	33.59	64.00	65.00	42.00	112.05	5.71	22.50	3.52	85	1:5
TRADING		**26.91**	**51.42**		**120.42***			**75.59**	**5.92**		**4.92**		
Batliboi (10)	09 86	2.79	4.42	25.84	14.50	16.00	12.00	15.77	8.88	15.00	10.71		0:0
Blow Plast (10)	07 87	2.00	3.60	28.00	37.00	62.50	28.00	162.00	2.28	30.00	8.11	83	2:3
Blue Star (10)	06 87	3.55	7.32	30.62	40.00	51.25	36.00	71.83	5.77	16.00	4.00	86	3:5
Grea Cott (100)	06 87	6.57	18.42	380.37	440.00	460.00	40.00	86.76	5.07	2.00	0.45	77	1:2
Shaw Wal (10)	06 87	12.00	17.66	24.72	55.00	63.50	52.00	70.08	7.85	35.00	6.36	81	1:2
TYRES & TUBES		**71.54**	**156.00**		**407.16***			**73.99**	**7.69**		**3.55**		
Apollo Tyres (10)	10 86	7.75	0.65	10.84	27.00	36.50	25.50	120.13	2.25	0.00	0.00		
Ceat (100)	06 87	7.32	33.38	45.82	57.50	88.00	55.00	131.97	436.00	25.00	4.35	86	1:2
Dunlop (10)	03 87	18.99	50.10	36.38	75.00	83.00	71.00	70.98	10.57	22.50	3.00		
Goodyear (10)	12 87	7.48	24.67	42.98	60.00	79.00	58.00	82.22	7.30	30.00	5.00	77	2:5
J.K. Ind (10)	06 87	13.76	3.09	12.25	25.00	38.00	23.50	33.07	7.56	15.00	6.00		
Modi Rubber (10)	04 87	10.38	29.36	38.29	47.00	60.00	43.00	41.33	11.37	25.00	5.32	86	2:5
MRF (10)	09 86	3.86	14.75	48.21	161.00	180.00	131.00	73.83	21.81	25.00	1.55	75	1:2
MISCELLANEOUS		**101.25**	**187.64**		**491.84***			**51.43**	**9.46**		**3.59**		
Bata (10)	12 87	10.50	17.17	26.35	72.00	75.00	4.06	38.67	18.62	15.00	2.08	00	2:5
Bharat Forge (10)	09 87	5.27	24.50	56.49	128.00	147.00	101.00	124.67	10.27	25.00	1.95	81	1:1
Consol Cof (10)	06 86	7.52	5.49	17.30	71.50	76.00	70.00	33.24	21.51	22.00	3.08	00	1:2
E.I. Hotels (10)	03 87	17.34	27.44	25.82	49.00	52.50	38.00	56.40	8.69	20.00	4.08	84	2:5
F.G.P. (10)	03 87	3.27	6.24	29.08	27.50	31.00	1.00	90.21	3.10	20.00	7.14	00	1:2
Hawk Cook (10)	09 87	1.84	1.92	20.43	19.50	20.00	15.00	23.37	8.34	20.00	10.26	81	3:5
Indag Rub (10)	06 86	2.75	-0.17	9.38	15.00	17.50	12.00	2.55	58.93	0.00	0.00		
Ind Foils (10)	06 86	2.62	5.59	31.34	60.00	72.50	53.00	69.08	8.69	29.30	3.55	82	1:4
Ind Cards (10)	06 87	3.25	3.32	20.22	21.00	26.00	17.00	47.69	4.40	20.00	9.50	81	1:2
Ind Hotels (10)	03 87	7.85	34.72	54.23	100.00	115.00	95.00	81.27	12.30	30.00	3.00	82	2:5
Ind Photo (10)	12 87	0.50	2.02	50.40	62.50	85.00	60.00	148.00	4.22	20.00	3.20	83	
Light Met Ind (10)	03 86	7.68	0.00	10.00	8.37	9.50	7.25	0.00	00.00	0.00	0.00		
Tata Press (10)	03 87	1.25	4.47	45.76	41.00	53.75	40.00	80.80	5.07	25.00	6.16		
Tinplate (10)	03 87	10.14	6.40	16.31	20.00	37.00	15.50	29.09	6.87	10.00	5.00		
Tube Inv (10)	12 87	5.73	21.52	47.56	23.00	28.00	21.00	70.51	3.83	20.00	[illegible]	85	1:3
United Diam (10)	06 85	1.63	1.80	21.04	5.50	13.00	4.24	45.40	2	25.00	45.45		
Widia (100)	12 87	3.66	10.75	393.72	725.00	750.00	675.00	61.75	11.74	16.00	2.21	85	1:1
Wimco (10)	12 86	8.45	14.46	27.11	17.00	24.00	14.00	48.99	3.47	18.00	10.59	70	1:5
Market total/average		**3107.68**	**8634.81**		**16,454.03**			**47.94**	**11.03**	**3.76**	**3.50**		

Note Eq: equity capital, Res: reserves, EPS: earnings per share, PE: price to earnings; Div: dividend; Yr: year;
*** market capitalisation in Rs crores.**

DEPOSITS

Company fixed deposits (current for July 1988)

Name of the company	Minimum Amount	Rate of Interest 1 year	2 year	3 year
ACC	3000	12.00	13.00	14.00
ATIC IND	2000	-	12.00	14.00
ASIAN PAINTS	5000	14.00	14.00	14.00
ASHOK LEYLAND	2000	-	13.50	14.00
ASEA	3000	12.00	13.00	14.00
BAJAJ TEMPO	3000	12.00	13.00	14.00
BALLARPUR IND	2500	-	-	14.00
BAYER	5000	11.00	13.00	14.00
BHADR PAPER	3000	-	-	14.00
CEAT TYRES	3000	-	12.50	14.00
DCM LTD	5000	12.00	13.00	14.00
DUNLOP	3000	14.00	14.00	14.00
DCW LTD	3000	12.50	13.50	14.00
EAST IND HOTELS	1000	14.00	14.00	14.00
E MERK	3000	-	-	14.00
EMPIRE FIN	1000	14.00	14.00	14.00
EID PARRY	3000	—	13.00	14.00
ENFIELD FIN	2000	14.00	14.00	14.00
ENNORE FOUND	2000	—	13.75	14.00
FOOD SPEC	5000	—	—	14.00
FIRST LEASING	2000	14.00	14.00	14.00
GKW	2000	—	—	14.00
GUJRAT AMBUJA	3000	—	13.50	14.00
GABRIEL	3000	—	—	14.00
GERMAN REME	5000	—	—	14.00
GSFC	3000	10.50	11.50	13.50
HICO PRODUCTS	4000	13.50	14.00	14.00
HIND BROWN BOV	1000	—	—	14.00
HIND SUGAR	2000	—	13.00	14.00
ICIM	3000	14.00	14.00	14.00
INDIA CEMENTS	3000	13.00	14.00	14.00
INDIA EQUP LEAS	5000	—	13.00	14.00
JAGATJIT INDUS	3000	13.00	14.00	14.00
KIR CUMMINS	3000	12.00	13.00	13.00
L&T	3000	11.00	12.50	14.00
MAH UGINE	3000	—	—	14.00
MAH & MAH	2000	11.00	13.00	14.00
MADRAS MOTOR FIN	1000	14.00	14.00	14.00
METTUR CHEM	2000	—	—	14.00
MADRAS REFIN	1000	10.50	11.50	13.00
MRF LTD	1000	12.50	13.50	14.00
MAD CEMENT	1000	12.00	13.00	14.00
NAGARJUNA FIN	1000	14.00	14.00	14.00
NELCO	2000	—	—	14.00
PEICO	3000	—	—	14.00
POND'S	3000	—	14.00	14.00
POLYCHEM	2000	13.00	13.50	14.00
POLYOLEFINS	2000	12.50	13.50	14.00
PREMIER AUTO	3000	12.00	13.00	14.00
PREM CONST	3000	—	14.00	14.00
RAYMOND WOOL	2500	14.00	14.00	14.00
RAVALGAON	3000	—	13.00	14.00
SANDOZ	5000	14.00	14.00	14.00
SIEMENS	5000	14.00	14.00	14.00
SUNDARAM FIN	3000	12.00	13.50	14.00
SPIC	3000	—	13.50	14.00
SAIL	2000	10.50	11.50	13.00
STRAW PRO	3000	13.00	13.50	14.00
SKF INDIA	5000	—	—	14.00
TATA TEA	3000	—	—	—
TATA PRESS	3000	12.00	13.00	14.00
TATA CHEM	3000	14.00	14.00	14.00
VOLTAS LTD	1000	9.50	10.50	13.50
VIJAYA•LEASING	1000	14.00	14.00	14.00
WESTERN INDIA	2000	14.00	14.00	14.00
ZUARI	10000	12.50		
ZENITH LTD	3000	—	13.50	14.00

Cumulative deposit schemes (current for July 1988)

Name of the Company	Minimum deposit	Marutity amount	period (years)	Annual Compound rate of interest (%)
1	2	3	4	5
ASHOK LEYLAND	2000	3025	3	14.79
ACC	3000	4503	3	14.50
APOLLO TUBES	2000	3022	3	14.75
ASEA	3000	4533	3	14.73
BHADRA PAPER	3000	4551	3	14.80
BATA	3000	4503	3	14.90
BAJAJ TEMPO	3000	4502	3	14.89
DUNLOP	3000	4535	3	14.75
DCW LTD	3000	4533	3	14.73
EAST IND HOTEL	1000	1508	3	14.67
EID PARRY	3000	4533	3	14.75
ENFIELD FIN	1000	1518	3	14.93
ENNORE FOND	2000	3025	3	14.79
FOOD SPEC	5000	7500	3	14.47
GOOD YEAR	3000	4502	3	14.49
GNFC	3000	4503	3	14.50
GUJ AMBUJA	3000	4555	3	14.80
GABRIAL	3000	4533	3	14.73
INDIA EQUIP LES	5000	7575	3	14.90
KIRL CUMMINS	3000	4533	3	14.75
KREST DEVLP	1000	1518	3	14.93
KELVINATOR	2000	3000	3	13.93
L&T	3000	4468	3	14.30
MADRAS MOTOR FIN	1000	1518	3	14.93
MJ PHARMA	3000	4533	3	14.73
MADRAS REFIN	2000	2956	3	13.91
MADRAS CEMENT	1000	1511	3	14.74
NAMDANG TEA	4000	6044	3	14.75
NELCO	2000	3022	3	14.76
PREMIER CONST	3000	4533	3	14.73
PANYAM CEM	2000	3036	3	14.93
PEICO	3000	4502	3	14.49
PHILIPS CARBON	1000	1511	3	14.74
ROLATAINERS	2000	3001	3	14.48
RAVALGAON	3000	4533	3	14.73
S&S BUSHINGS	1000	1518	3	14.93
SPIC	3000	4530	3	14.73
SAIL	2000	2950	3	14.37
SIYARAM SILKS	3000	4533	3	14.75
STRAW PROD	3000	4500	3	14.47
SHAKTI FIN	1000	1518	3	14.93
SI VISCOSE	2000	3022	3	14.73
S ASBESTOS	1000	1510	3	14.74
SUNMAR FIN	2000	3030	3	14.87
SAE INDIA	2000	3022	3	14.75
WESTERN INDIA	1000	1518	3	14.93
ZUARI	2000	3023	3	14.76

Note: The list given above is a selection of many companies which accept deposits from their shareholders or from the public companies which offer somewhat lower rate compared to many quite sound private limited companies of partnerships. Readers are advised to take suitable professional advice.

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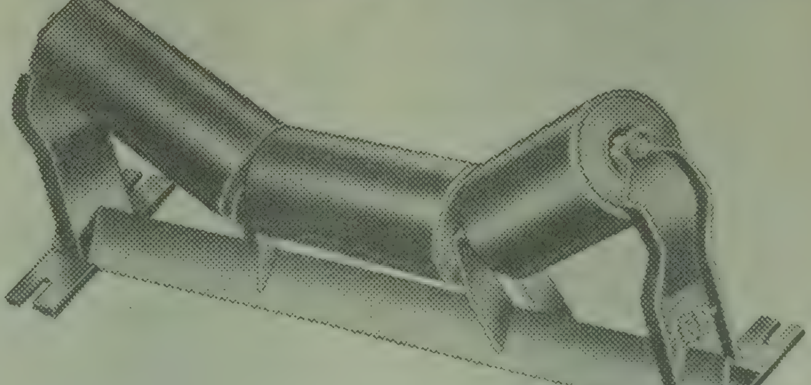

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Three's company

The investor contest enters the fourth year with this issue. We started the contest in July 1985 when the stockmarkets were booming and the upward surge then seemed unstoppable. However, our contestants have learned to live with the bulls and the bears. Investor contest 267 has not produced a winner. There was a substantial difference between what contestants had predicted and the actual market price.

How to enter

On the entry form given below are listed six popular scrips. All you have to do is to use your skills to predict the prices of each of these share as on 5 August 1988, and send in your entry by 26 July 1988. The winner in accordance with the rules printed below, will get a prize of Rs.5,000. In the event there is no winner, the prize will not be carried over.

Every issue of **Business India** will contain a new contest. The entry which has all six correct answers will receive a prize of Rs.5,000. If no such entry is received, the entry which has 5 out of 6 correct answers will receive the prize. In the event of there being more than one winner, the prize will be shared equally. We repeat, if there are no winners, the prize money will not be carried forward.

Rules:

1 There is no entry fee.

2 The list has been selected on the basis of what we consider are actively traded and interesting scrips on Indian stockmarkets.

3 The price mentioned last in the official quotation list of the stock exchange (if there is a series of such prices against the name of the share) will be taken as the correct answer. The official list of the particular stock exchange, which will be referred to, is given against the name of each scrip. If for some reason the stockmarket is either closed on 5 August 1988, or there are no transactions for the six scrips chosen below, then the quotations for the nearest working day prior to 5 August 1988, will be used.

4 Variation from the correct answers are permitted within a range that is specified against the scrip.

5 Entries must be on the printed form given below. Any other entries will be disqualified.

6 Only one entry will be permitted per form.

7 Envelopes sent in should be marked Investor Contest. All entries must be received at **Business India,** Wadia Building, 17/19 Dalal Street, Bombay 400 001, by 5 pm, Tuesday, 26 July 1988.

8 **Business India** is not responsible for non-receipt of entries.

9 **Business India's** decision on the winning entries will be final and binding, and no correspondence in this regard will be entertained.

10 The contest is open to residents of India only. No employee (or any direct relation of any employee) of the **Business India** group of publications is entitled to enter the contest.

Name of scrip	Stockmarket official list to be used for comparing results	Prices as on Friday, 1 July 1988 (Rs)	Variations permitted from correct prices upto (Rs)	Prices as on Friday, 5 Aug 1988 (Please fill) (Rs)
Bajaj Auto	Bombay	238.75	2.00	
Bombay Dyeing	Bombay	140.00	1.50	
Colgate	Bombay	207.50	2.00	
Glindia	Bombay	62.75	1.00	
GNFC	Bombay	43.00	1.00	
Grasim	Bombay	106.00	1.50	

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Profession: ____________________

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Spreading the gospel of high finance

Dossu Paymaster *is a practising chartered accountant*

In an increasingly competitive world, an understanding of finance both at the corporate and the personal level is gaining significance.

At the corporate level it is imperative for the non-finance executive to know the fundamentals of balance sheet analysis with the help of ratios, the concept of breakeven points, marginal cost concepts, etc. And at the personal level, total financial planning including the proper investment of savings is becoming a necessity not only because of the high tax rates but also because of the steady depreciation in the value of the rupee due to inflation.

MIS specialist. Dossu Paymaster, 56 a practising chartered accountant, has taken upon himself the task of spreading the gospel of high finance. After qualifying in 1985 as a chartered accountant, Paymaster spent some years in industry and later branched out on his own in 1968, specialising in the field of management information systems (MIS), taxation and cost studies.

However, Paymaster had never given teaching much of a thought, until sometime in 1968 when he was approached by the principal of the Xavier Institute of Management to lecture on finance in their management courses. Says Paymaster, "This set the ball rolling and I began to enjoy teaching. I am a visiting faculty member at the Xavier Institute of Management, K.C. Institute of Management, Jamnalal Bajaj Institute and the Administrative Staff College, Maharashtra."

His experience prompted Paymaster to formulate the module on 'Finance for non-finance executives'. "There are many company executives who are brilliant in their own field, be it production, marketing or administration, but who have very little knowledge of basic finance. It is obvious that in today's world the impact of finance is felt not only by the professional finance executive but also by the executive functioning in other fields. Unfortunately, such executives do not always get the opportunity of exposure to the ordinary techniques of financial management," says Paymaster.

The basic objectives of the course are to develop a manager's ability to identify those techniques of financial measurement and analysis which are relevant to his own situation, to communicate with finance personnel in a way which demonstrates an understanding of basic principles and terms, and to interpret and put into action the information provided by his company's finance personnel.

Practical applications. The course focuses on the practical applications of finance with emphasis on case studies. Says Paymaster, "It took me about three to four years to develop this module. The module is not stereotyped but is designed to suit the individual needs of the client. The only request to the client is to make the group as homogeneous as possible."

The course is usually spread over a period of three days, with each day broken up into four sessions of one-and-a-half hours each. When the course is sponsored by a company, it is usually residential. "We encourage active participation because that not only makes the course more interesting, but we also get to know the individual needs of the participants," says Paymaster.

Even though the course is designed for non-finance people it covers a wide range of topics — basic accounting conventions, the anatomy of the profit-and-loss account and the balance-sheet, ratio analysis, capital budget evaluation through the discounted cash flow technique, etc. Paymaster says that the emphasis is on proper management of working capital because that is where most companies feel the crunch lies in today's business environment.

Needless to say, the majority of the clients are corporate. Says Paymaster, "Over the years we have conducted courses for more than 50 companies both from the private and the public sector. And most of them have been repeat clients."

It was the success of the first module and queries from participants that prompted Paymaster to think of the second module on 'personal finance investment and tax planning' for non-finance people. Initially Paymaster did have doubts as to how popular such a course would be, but he was pleasantly surprised by the enthusiastic response from companies and individuals.

The personal-finance module lasts one day and covers different aspects of personal finance and tax planning and portfolio management. "We start with the concept that savings should be an integral part of the individual's cost budget," says Paymaster.

Thorough evaluation. The courses are supplemented with slides, charts and background notes which facilitate learning. In order to improve the programme, a thorough evaluation is done based on the feedback received from participants.

To a large extent the success of Paymaster's courses depends upon his jargon-free approach and presentation. "I went to famous universities like Stanford in the US and Tokyo University in Japan to see how they conduct their courses for senior executives," he says.

Paymaster now plans to launch another module for individuals who want to set up their own small scale unit. When he is not caught up in his frenetic work schedules, Paymaster's activities revolve around his family and other interests. He has been an active Ham operator since 1959 and takes pride in the fact that he has assembled most of the electronic equipment himself. ■

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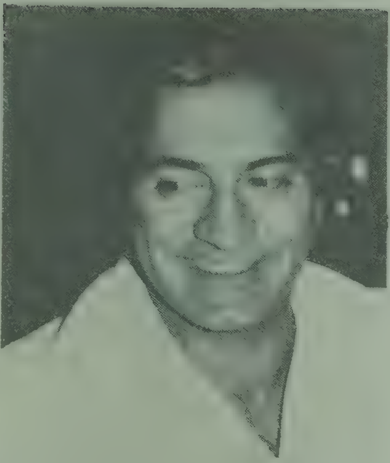
ISPAT PROFILES. Changing the profile of Steel

PRESSMAN

N. Sankar of the Sanmar group of Madras is usually never available after 4 pm in his office; he hurries off to play tennis. Once a university player, he has kept his interest alive all through the years of building up Chemplast, the flagship company of the group, and promoting a host of other companies. "It is only when I play tennis, that I am able to relax and get rid of my tensions," he says. This year Sankar will be devoting even more attention to tennis as he has been elected president of the Tamil Nadu Tennis Association.



Sankar's other love is cricket. He has been elected one of the vice-presidents of the Tamil Nadu Cricket Association. Chemplast has one of the best teams in the city and employs many well-known names in the game. "Our interest in the game has been consistent and the team has won many matches," says Sankar, with pride.

Early this year **Khalid Ansari,** the publisher-owner of the Inquilab group of publications — *Sportsweek, Mid-day, Sunday Mid-day, Inquilab* — handed over charge to his son Tarique, and got a new editor for *Mid-day* — Anil Dharker — saying that he wanted to take time off to do a long-desired doctorate in political science from Stanford. But before he could start work at the US university, the Dubai Galadharis made him an offer which even the lure of the doctorate could not make him decline. Ansari has taken over as the managing director and executive director of the Persian Gulf's largest-selling paper *Khaleej Times*, reportedly on a salary of Rs.1 lakh a month. "The Galadharis are old friends of the family," Tarique says, "and they are going through a temporary bad phase, that is why my father accepted the offer. It is difficult to say how long he will continue there, but indications are that he will be with the paper for six months."

That board meetings are just merry moments when directors engage in a round of you-scratch-my-back-I-massage-yours is well-known. Though activity of this sort is usually discreetly confined to boardrooms, ever so often such closet cosiness slips into the open.

Recently **Russi Mody** felt itchy just after the Tisco board meeting. Squirming uncomfortably in his chair Mody exercised his chairmanly rights over his fellow board member **Ratan Tata** and arched his back out to be scratched. Ratan obligingly snapped out a pen (no, he does not keep a backscratcher handy) and proceeded to do Mody's back with gusto.

After ten minutes of such vigorous ministrations Mody was sated and Ratan was released. Whether Ratan's enthusiastic actions meant that the massage had any other message is not yet known. In any case, with Ratan administering salve to Modi's bothered back, nobody can say that there is not enough back-slapping or at least back-scratching on the Tata boards.

Dream therapy is the latest management tool this side of the world, and is the work of **Francis Menezes,** director of the prestigious Tata Management Training Centre at Pune, and the Tata Administrative Services.

Menezes, whose work was reported in *Omni*, the respected American science magazine, tried out this therapy on a group of 52 researchers (employed with a public sector chemicals manufacturing company in the country) who did not feel motivated enough at the workplace. The researchers went into hibernation for three days and nights at the Tata training centre complex in Pune, where all they had to do was to write down what they dreamt every night.

Menezes' experiment showed how seriously the problems at work were affecting the researchers. One person dreamt of throwing laboratory apparatus at the bosses, while another angrily shouted at a colleague in his dreams. Menezes put together a report based on his findings and presented them to the company management, which promptly took steps to create a more open and responsive office environment. As for the researchers, they have now formed 'dream clubs', inspired by the success of Menezes' work. All is well, so long as they don't sleep on the job.

Deposits, Profits Reach New High

Excerpts from the speech of Shri J.S. Babel, Chairman, The Bank of Rajasthan Ltd. at the 45th Annual General Meeting of the Shareholders held at Udaipur on 16th June, 1988.

'It was to the credit of the national leadership that the Government succeeded in harnessing the resurgent will of the people to stand up to the tribulations and to remain united.

DEPOSITS

The deposit growth of 17.34% was not only an improvement over the deposit growth achieved by the Bank in the previous year but also higher than the average deposit growth for the banking industry.'

PROFITS

'The net profit of the Bank amounting to Rs. 91.95 lacs reflects a rise of 33.9% over the net profit of Rs. 68.67 lacs for the previous year.'

PRIORITY SECTOR ADVANCES

'In the year 1986 the Bank had achieved the national target of financing to priority sectors and this performance was improved upon during last year when the total advances to priority sectors amounted to more than 41% of the net advances.'

Performance at a glance (Rs. in lacs)

Particulars	1986	1987	Particulars	1986	1987
LIABILITIES			**ASSETS**		
Capital & Reserves	2,82	3,61	Cash & Balances with Banks	113,80	137,30
Deposits	441,35	517,87	Investment	141,03	172,96
Borrowings	19,35	12,72	Loans & Advances	217,89	231,67
Bills Payable	7,79	8,08	Other Assets	18,96	20,50
Other Liabilities	20,37	20,15			
	491,68	**562,43**		**491,68**	**562,43**

Income-Expenditure (Rs. In lacs)

INCOME			**EXPENDITURE**		
Interest & Discount	41,22	47,39	Interest paid on Deposits, Borrowings etc.	28,97	34,13
Commission Exchange & Brokerage	4,27	5,19	Salaries & Allowances	12,24	13,12
Other Receipts	81	79	Other Expenditure	4,40	5,20
			Net Profit	69	92
	46,30	**53,37**		**46,30**	**53,37**

The Bank of Rajasthan Ltd.

Regd. Office : UDAIPUR Central Office : JAIPUR

PINKCITY

TRAVEL INSURANCE

Smoothing the path

Keeping your mind on the job while you're on the road is quite often a question of travel-risk management. Just about the last thing that a business traveller wants to do is worry about niggly details like losing his baggage, or incurring medical expenses in the event of an accident. While hazards are unavoidable, travel insurance can go a long way in cushioning the impact.

Insurance can be obtained from agencies like Oriental Insurance, National Insurance, United India Insurance and New India Assurance, all of which come under the banner of the General Insurance Company. They offer the same policies and at the same premium rates. While there is no standard insurance package exclusively for travel, it can be tailor-made to suit personal needs and preferences.

Health hazards are the greatest risk any traveller faces and it is always wise to travel with some kind of basic medical cover. In some countries, medical care and facilities can cost you substantially more than what you have to pay at home, so it's advisable for people travelling abroad to avail themselves of the overseas medical insurance policy. This policy falls into two categories: Plan A for countries excluding the US and Canada, which has a maximum coverage of US $50,000 and Plan B for countries including the US and Canada which allows a maximum coverage of US $100,000 (see table). Moreover, for business travellers, the policy covers a period of 60 days, which can be extended up to 180 days, while for holiday travel, the policy covers a period of 60 days, extendable up to 120 days for Plan A and 30 days, extendable up to 60 days for Plan B.

For those travelling within the country, there is Mediclaim, an insurance that can be used for travel although it is not restricted to it. This policy, which is valid for a year, takes care of a host of medical hazards and hospitalisation expenses. The premiums, depending on the coverage taken, can be anywhere from Rs.200 to Rs.1,500. A personal accident coverage is also available with this policy. One attraction of taking a Mediclaim policy is that it is eligible for income-tax deduction.

In addition to these covers, most business travellers usually have some form of life insurance or personal accident insurance purchased either personally or through a corporate scheme. Many companies also have a group travel insurance plan. The advantage of such a group corporate policy is that it eliminates a last-minute rush and is activated the moment the employee boards the plane.

The personal accident cover for individuals, on the other hand, can be taken to supplement other policies. Unlike Mediclaim, which is basically reimbursement of medical expenses, the personal accident insurance is a compensation cover. It carries a worldwide cover, has very low premiums, and can be tailor-made to suit personal requirements. However, although it is a world wide cover, claims for personal accident insurance can only be made in Indian currency.

Credit card companies tend to offer blanket policies when travellers charge their tickets. Diners Club, for instance, offers free insurance of Rs.1 lakh when a ticket is purchased on its credit card. On the surface, this seems to duplicate the personal accident cover. But a closer look will reveal that the credit card policies are quite restrictive. They usually apply only when you travel by a specified mode of transport and may be limited as to the kind of accident and extent of injuries. Moreover, unlike the personal accident insurance which is a 24-hour cover, credit card insurance stipulates a duration of time. The insurance offered by Diners Club, for instance, begins two hours before a flight and terminates 24 hours from that time for domestic flights. For international flights, the insurance begins on take off and terminates after 30 days.

Overseas Medical Insurance

Period	Plan A: excluding US and Canada ($50,000) Annual premium (Rs)	Plan B: including US and Canada ($100,000) Annual premium (Rs)
1-14 days	274	309
15-21 days	291	331
22-28 days	334	386
29-35 days	404	464
36-47 days	471	569
48-60 days	559	933
61-75 days	699	1362
76-90 days	837	1640
91-120 days	1442	2932
121-147 days	1736	3113
148-180 days	2424	4133

Air travellers can also get themselves an insurance at the airport itself. Called a flight coupon, it provides a minimum coverage of Rs.50,000 for a payment of Rs.5. (The maximum insurance limit is Rs.5 lakh). The policy is activated the moment you board the plane and terminates when you get off it.

Apart from major accidents, travellers should also protect themselves against minor disasters. Probably the most frustrating aspect of air travel is losing personal luggage. Baggage insurance provides protection against loss or damage of baggage due to fire, theft, or accident while travelling by land, sea or air. The sums vary according to the insurance bought, and there is no maximum limit to the amount insured.

Errol Dias, divisional manager, Oriental Insurance Company Ltd, says that even anticipated purchases made when travelling can be insured, provided you give an estimate of the value of the purchases you plan to make. However, he says, to claim this insurance, an independent agency must certify the loss. This may take the form of, say, a police complaint.

But perhaps the most problematic item to safeguard when travelling is jewellery. The best way to reduce the risk of it getting lost is, of course, to leave it behind at home. But if it must accompany you, it's wise to get it insured. To do so, the jewellery must be valued and certified by an authorised jeweller.

Travellers who want greater peace of mind, can also get a householder's insurance that insures property against fire, theft, etc. Like most insurance, the price will depend on the sum insured, there being no maximum insurance limit.

Dias says that, ultimately, an important aspect of insurance that most people overlook is the safe custody of insurance papers. He says that the person insured should keep a photo copy of the insurance papers with him, while the original papers should be kept with a family member or beneficiary to facilitate any claims if the need arises. An exception to this however, is the overseas medical insurance. These papers must necessarily be with the insured person to enable him to gain access to medical facilities abroad.

■

GOPIKA MEHTA

ONVENTIONS AND CONFERENCES

Call of the valley

et against a clean-blue section of the Dal ake and flanked by chinars, mangolias nd poplars, the Sher-I-Kashmir Interna- onal Conference Centre (SKICC) at Sri- agar is set in one of the most spectaular locations in the world. And in the st three years it has grown into the ost popular centre for conventions an onferences in this part of the subconti- ent. Says Vinoo Ubhayakar, president of e Travel Agents Association of India, hich has held two large conferences at e SKICC since 1984, "We'd love to go ack there again. This centre compares ith the best in the world and is certainly e best in this country. Add to it the eauty of Kashmir which would floor nybody, and you have a conference cen- e that no delegate would want to miss."

Conference organisers are being drawn o Srinagar not only by the beauty of the ashmir Valley but also by the kind of acilities that SKICC offers. About 120 onferences, each lasting on an average etween three to five days, will be held is year, up from 100 last year and 80 the ear before. The number of delegates aries between 50 to 800. A total of about 0,000 delegates made use of the SKICC acilities last year, and according to hurshid Naqib, executive director of the entre, the numbers should be at least 15 o 20 per cent higher this year. For the rst time there is a waiting list being aintained by Naqib's office this year. No ookings are available for the months of uly, August, September and October.

The squat, double-storeyed conference entre, designed by the Delhi-based merican architect Joseph Allen Stein, as five auditoriums and an exhibition allery. The largest auditorium can seat p to 650 delegates and the others can ccommodate numbers varying from 50 o 300. Apart from the usual convention entre facilities like secretarial services, multaneous translation of proceedings nto five languages, printing, documenta- on, fax, binders etc, the centre now ffers what is called the services of a PCO – the professional congress organiser. he PCO works through two computer oftware programmes developed by the entre, the conference management sys- em and the conference information sys- em. Says Naqib, "For conference rganisers who avail of the PCO we will rrange everything — sending out regis- ration forms to delegates, booking hotel rooms, sightseeing, transportation and of course holding of the conference itself. In short we will do the job right from the conceptualisation to the holding of the conference — on a turnkey basis."

The convention centre is located in one of the most beautiful parts of the world

Among the conferences that will be held this year will include those organised by Kirloskar Electric Co, KSB Pumps, Delhi School of Production, the Sugar Manufacturers Association, the All India Medical Association, the Pacific International Medical Congress, and the Delhi Productivity Council.

Despite the increasing number of conferences held there every year, the centre is far from making a profit on its operations. About Rs.12 crores was spent in putting up the facilities — and revenues last year totalled only Rs.6.2 lakhs. Every year, under a grant-in-aid programme, the SKICC is provided Rs.90 lakhs by the J&K government, for running and maintenance. Says Naqib,'There is no question of us making a profit from our activities in the near future, and the government does not expect us to do so." Adds M.Y. Khan, managing director of the J&K Tourism Development Corporation, "The funding of the centre by the government is very important to Kashmir from the tourism point of view." Early this year, with the view to ensure that the working of the centre and its funding are not bogged down by bureaucracy, the SKICC was converted into a society.

The idea of setting up the SKICC originally came from Air-India in the seventies, who thought it would be a good idea for attracting foreigners into the country in the lean months starting from June to October. The state government, though enthusiastic, did not start work till the late seventies. And after much delay the construction was completed in 1984. As an afterthought, with the desire to provide hotel facilities to at least a part of the delegates, the Hotel Corporation of India was approached with the ideas of putting up a hotel adjoining the centre. The irony is that the 230-bed hotel is overbooked year-round, with the delegates who come to the SKICC, and it makes money, while the SKICC itself has to be funded by the government.

But for the Kashmir government the SKICC is very important from the overall tourism point of view. Almost every delegate who comes here is known to make the visit into a pleasure-cum-business trip and takes time off to move around the state. And since all of them belong to the affluent category, they are estimated to spend at least four to five times more money than an average tourist. "The indirect revenues to the state," says Naqib, "from these conferences is massive."

The British Medical Association, OBM International, the Association of Chest Physicians of USA, Philips International, have all organised their major conferences at SKICC in recent times. And the centre is going all out to get more foreign conferences to Srinagar. "We are hampered by the fact that Srinagar does not have an international airport," says Khan of J&K Tourism Development Corporation, "but with Air-India being allowed to operate a chartered flight every week from next month, things could be changing."

■

N. RADHAKRISHNAN

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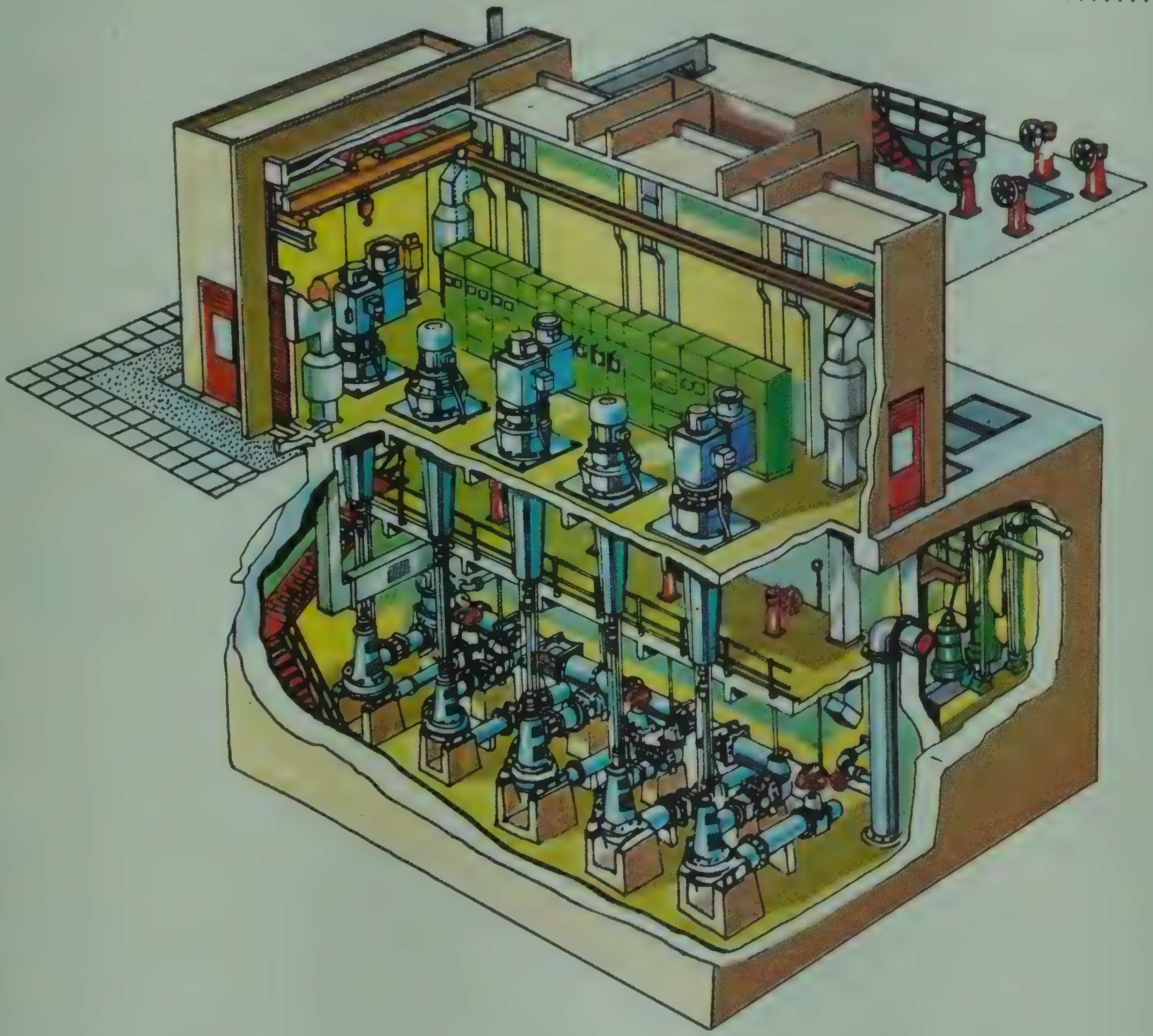

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High technology is our basic strength.

PRESSMAN

Ennore Foundries Limited

Ennore, Madras-600 057

Speech delivered by Chairman, Shri MANTOSH SONDHI, at Twenty-eighth Annual General Meeting of Ennore Foundries Limited held on Monday, the June 27, 1988, at Madras.

Shri MANTOSH SONDHI

Dear Shareholders,

It gives me great pleasure to extend to you all, on behalf of the Board of Directors and on my own behalf, a very warm and cordial welcome to the Twenty-eighth Annual General Meeting of your Company.

The Notice convening this meeting, the Directors' Report and the audited Annual Accounts for the year ended December 31, 1987 together with the Report of the Auditors, have been with you for sometime now; may I, with your permission, take them as read.

CHANGE OF OVERSEAS ASSOCIATES

As you are aware, LRLIH Ltd. hold the non-resident shares of Ennore Foundries and Ashok Leyland, and was fully owned by the Rover Group of the U.K. A very important development during the period under review has been the acquisition of LRLIH Ltd. jointly by the Hinduja Group and IVECO, the latter being a fully owned subsidiary of the FIAT Group. Your Company considers that access to the marketing and technological resources of Hinduja-Iveco Groups will be a source of great strength for Ennore Foundries to build further on a solid base that it has already established for itself. This augurs well for the future. In building a sound technological base we must record our appreciation of the excellent support provided by the Rover Group during its long and a very purposeful association with your Company.

HIGHLIGHTS OF COMPANY PERFORMANCE

1987 has been eventful for your Company. In terms of production (25,324 tonnes), sales volume (25,256 tonnes) and turnover (Rs.40.12 crores), the achievement has been the best in any one year so far, recording an increase of 9.4%, 5.5% and 12.1% over the previous year respectively. During this year your Company also crossed the one lakh mark in cylinder block production which is an important milestone. Improved performance was achieved despite the constraints of 40% power cut throughout the year and demand slackness in the heavy commercial vehicles sector of the industry, particularly in the first three quarters of the year.

Gross Fixed Assets and Net Worth also increased by 7% and 4% respectively over 1986. PBIT and PBT have also shown encouraging trends at Rs.3.17 crores and Rs.1.64 crores respectively, as against Rs.3.07 crores and Rs.1.58 crores last year. Profit After Tax, however, fell marginally to Rs.1.24 crores. Despite encouraging performance in terms of production and sales, the profit margin continued to be under pressure due to increase in operating costs, particularly in respect of materials, power and fuel.

PROSPECTS FOR 1988 AND BEYOND

I had mentioned in my statement last year that in order to guard against sectoral slackness in demand, your Company has been making strenuous efforts to broaden its product-mix. These efforts have now started paying dividends. The performance of your Company during the first five months of this year has been considerably better than what it was in the corresponding period of last year. A perceptible improvement in the demand for castings from the commercial vehicle and tractor industries lately should help your Company to further improve its performance in the second half of this year. Your Company having established a strong base in the domestic market is now making a concerted effort to enter the export market with the help of our new principals.

The Steering Group on Industry recently appointed by the Planning Commission envisages a much higher growth rate for the industrial sector than what was perceived earlier. Your Company is well set to meet the challenge in its specialised sphere of activity and the objectives set out in the Rolling Plan, to which I had made a reference last year in my statement, will be revised to the extent necessary to meet the new situation.

It is heartening to note that liberalisation of industrial policy continues to be an important plank of our development strategy. I do sincerely hope that we are gradually moving towards an era of "Licensing by Exception". But I should, perhaps, sound a note of caution since in this country we generally tend to be long on rhetoric and short in action. This liberalised policy frame work requires to be implemented with much greater dynamism and with a pragmatic approach if the desired results are to be achieved.

EMERGING NEED FOR TECHNOLOGY UPGRADATION

Thin walled high integrity castings with close dimensional tolerances will form the bulk of the demand in future both for domestic and export markets. In order to achieve this, our thrust on improving the competitive performance of your Company will focus on waste management, quality consciousness, pollution control and adoption of computer-aided design techniques; upgradation of manufacturing technology will also continue to receive close attention. This is only possible if the design and production capabilities at Ennore Foundries are to be kept in line with the state-of-the-art. I am happy to inform you that the proposal put up by your Company for the introduction of a High Pressure Automatic Shoot Squeeze Moulding Plant to replace the existing moulding lines in the iron foundry has been approved by the IDBI under the recently introduced Technology Upgradation Scheme. This is a project with an investment of Rs.10 crores. This will enable your Company to maintain its pre-eminent position in the Indian Foundry Industry.

POWER SITUATION

The power situation prevailing in the country including the Southern States continues to be difficult. 40% power cut in Tamil Nadu persists and your Company has no alternative except to live with such a situation.

Recent pronouncement that the private sector may also be allowed to enter the power generation sector shows a pragmatic approach to a perennial problem, where in spite of increased generation, the overall power deficit in the country continues to increase. In this connection, the following extract from a recent publication of ONGC on "Future Energy Options" is relevant :

"In India, electricity consumption has increased from 7.6 TWh in 1953-54 to 124.6 TWh in 1984-85 representing annual compounded growth rate of 9.4 percent, outstripping growth rates of 6.5 percent and 3.3 percent of oil and coal respectively. With the progressive increase in installed capacity the power generation has increased from 6.6 billion units in 1950 to 201.9 billion units by March, 1987. However, India's per capita electricity consumption is still less than a tenth of the world's average.

"At the present growth rate, we would have just doubled our present per capita consumption by the year 2000. But even for this modest achievement, India will need to have an additional installed capacity of at least 1,25,000 MWe, by the turn of the century."

Additional installation of capacity entails huge investment. But along with this we must get more power from the existing power systems by way of higher generation, lower transmission losses together with a lower specific energy consumption. This requires better management of the power sector and much greater attention to energy conservation by the industry as a whole. I am glad to report that your Company is giving a great deal of importance to energy conservation.

INDUSTRIAL RELATIONS

Industrial Relations continue to be harmonious in keeping with the past tradition and culture of your Company.

DIRECTORS

Mr N J Penn, Mr C J S Woodwark and Mr J P Gilchrist have resigned from the Board following the change in the overseas shareholding. I would like to place on record our deep appreciation of the contributions made by them as Directors of this Company. Mr F Sahami, Mr H Klingele and Mr S Portacolone were appointed as Directors in the casual vacancies caused by the resignations of Mr N J Penn, Mr C J S Woodwark and Mr J P Gilchrist respectively. We extend to them a very warm welcome to the management fraternity of Ennore Foundries, which has a very dedicated team of competent professionals always in search of excellence.

ACKNOWLEDGEMENT

May I conclude by conveying our deep gratitude to all our valued customers and suppliers as well as to our Bankers for their assistance and support.

Despite severe environmental constraints, your Company has done well during this year because of the unstinted co-operation extended by all employees of your Company under the able guidance of your Managing Director. I thank them all on this occasion.

I would also like to take this opportunity to convey our sincere thanks to The Industrial Credit and Investment Corporation of India Ltd., Industrial Development Bank of India, Industrial Finance Corporation of India, Unit Trust of India, Life Insurance Corporation of India and General Insurance Corporation of India and its subsidiaries for their assistance to our programme of Technology Upgradation and Private subscription to the Debenture Issue. Our thanks are also due to the Central and State Governments and to the Tamil Nadu Electricity Board for their help. I shall be failing in my duty if I do not place on record my deep appreciation of the assistance that I have received from my colleagues on the Board. Lastly, may I say how grateful I am to you all for your presence at this Twenty-eighth Annual General Meeting of your Company and for your confidence reposed in us and for your continued support.

Note : This does not purport to be a record of the proceedings of the Annual General Meeting.

ALYQUE PADAMSEE has been nominated associate director of Lintas: Worldwide.

M.L. SHISHOO has taken over as chairman and managing director of Bombay Suburban Electric Supply Ltd.

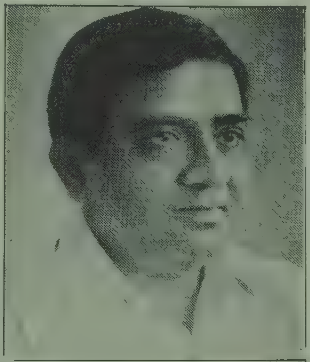
D.V. KAPUR has been appointed chairman of Humphreys & Glasgow Consultants Pvt Ltd.

K. LAKSHMINARAYANAN has assumed charge as executive director of Syndicate Bank.

C.S. KALYANSUNDARAM has been appointed corporate advisor to the Killick Group of Companies.

P.S. BAMI is the new chairman and managing director of National Thermal Power Corporation Ltd.

G. SARAN has been appointed director (Industrial Systems & Products) at Bharat Heavy Electricals Ltd.



JAYANT B. DIWALE has joined Mishra Dhatu Nigam Ltd as director (Finance).

S.K. SETH has taken over as chairman-cum-managing director of New India Assurance Co Ltd.

S.K. SONI has been appointed executive director of the Oriental Bank of Commerce.

SUMIT DEB has joined Keventer Agro Pvt Ltd as vice-president (Sales and Marketing).

SUSHIL BAHL has joined Greaves Cotton & Co Ltd as general manager (Publicity & Public Relations).

PRADEEP MALLICK has been appointed chief executive of Wartsila Diesel India Ltd.

NAAZ ROVSHEN has been promoted to president (Electronics & Telecommunications Division) of the United Breweries Group.

K.K. MUTHU has joined Western Electronics Ltd as chief executive (Projects & Planning)

G.C. RASTOGI has been appointed general manager (Finance) and secretary of Oshi Foods Ltd.

M. PRASAD has taken over as director (Finance and Financial Operations) at Power Finance Corporation.

ASSOCIATIONS

S.R. JAIN will soon be taking over as chairman of the Indian Institute of Metals.

N.C. CHANDAK has been elected chairman of the IEEMA lift panel.

M.Ct. MUTHIAH has been elected president of the Federation of Automobile Dealers Association.

E.P. UNNI has been re-elected president of the Employers' Federation of Southern India.

S.K. GUHA THAKURTA has been re-elected president of the Institution of Industrial Managers.

SUNIL MANCHANDA has been elected president of the Bombay Goods Transport Association.

B.P. DHANUKA has been elected president of the Calcutta Chapter of the Institute of Internal Auditors, Florida.

BHARAT SHAH has been elected chairman of the Management Consultants' Association of India, Gujarat Chapter, while **M.R. JOSHIPURA** has been elected vice-chairman.

M.D. KHANDKE has taken over as executive director of the Calcutta Management Association, while **DIPTISH SEN** has been elected president.

HARJAN SINGH has been elected chairman of the DHP regional board of All India Manufacturers' Organisation, while **O.P. SACHDEV** and **S.K. ANAND** were elected senior vice-chairman and vice-chairman, respectively.

KETAN M. BHATT has been elected honorary secretary of the Income Tax Bar Association, Ahmedabad.

Senior executive positions

A compilation of executive positions advertised in **Business India** and other major publications between 20 June and 3 July 1988.

EST

MANAGING DIRECTOR * Bombay * *Sal* According to new company law guidelines * *Age/Qlfn* * *Reqd* professional but most necessarily with technological background * *Resp* To lead Rallis India's profitable growth and mobilise and lead people * *Cont* MS 2066, S.B.Billimoria & Co, 113 Mahatma Gandhi Rd, Bombay 400 023

MANAGING DIRECTOR * Goa * *Sal* Attractive * *Age/Qlfn* 45-52 years * Not stated * *Reqd* Substantial senior level general management experience in the food industry. Technical background preferably with some expsoure to research and development * *Resp* Will report to the board of directors and be responsible for the management of the company's operations * *Cont* Code MS/4782, A.F.Ferguson Associates, Post Box 1786, Bombay 400 001 (BI — 27.6)

ICE-PRESIDENT (Foods) * Bombay * *Sal* Attractive * *Age/Qlfn* Not stated * MBA * *Reqd* Strong consumer marketing and sales background, commercial and business sense, and a working knowledge of processing, packaging technology * *Resp* Identifyng and evaluating business proposals in processed foods, wil ltimatedly take charge as the chief executive of the processed oods business * *Cont* The Chairman, RPG Enterprises Ltd, 463, r Annie Besant Road, Bombay 400 025 (BI — 27.6)

ENERAL SALES MANAGER (Consumer Products) * Bombay * *al* Rs 150,000 plus perks * *Age/Qlfn* 35 years * MBA * *Reqd* 10 ears sales/marketing experience in consumer products, at least years in a regional (preferably national) position with reputed arketing comapnies * *Resp* Will head a large team of sales ersonnel and will be responsible for planning and achieving ales targets at all India level * *Cont* Code MS/4785, A.F.Feruson Associates, P.O. Box 1786, Bombay 400 001 (BI — 27.6)

ICE-PRESIDENT (Corporate) (RPG Enterprises) * Bombay * *al* Attractive * *Age/Qlfn* 40 years * MBA or ACA * *Reqd* Senior vel experience in a leading management consultancy/charerted accountants firm, or in the finance function of a large rganisation * *Resp* Will head the chairman's office and assist im in compiling and analysing information, prepare briefs of roposals and reports, identify new proejcts, etc * *Cont* Code S/4783, A.F.Ferguson Associates, P.O.Box 1786, Bombay 400 1 (BI — 27.6)

ONTROLLER OF ACCOUNTS * Bombay * *Sal* Commensurate ith qualifications * *Age/Qlfn* Not stated * Charterted Accounnt * *Reqd* 5-7 years experience in senior positions, preferably an industrial and computerised accounting environment * *esp* Overall control of book-keeping and accounting functions, sting, taxation, MIS and budgetary control, finalisation of counts, etc will lead a team of young professionals * *Cont* Vice airman & Managing Director, Bharat Gears Limited, Hoechst use, Nariman Point, Bombay 400 021 (ToI — 29.6)

ORTH

ENERAL MANAGER (Computer Systems) * Central India * *Sal* tractive * *Age/Qlfn* 45-50 years * BE (Electronics) * *Reqd* 15 ars experience in system development, conceptralising and plementing new projects; experience in marketing will be vantageous * *Resp* Identify market, conceptualise projects, ate collaborators and supplies, implement projects within set st and time parameters; develop standardised software packages, R&D, etc * *Cont* Personnel & Productivity Services, Army & Navy Building, 148 Mahatma Gandhi Road, Bombay 400 023 (H — 23.6)

SOUTH

VICE PRESIDENT (Manufacturing) * South India * *Sal* No constraint * *Age/Qlfn* 45-50 years * Engineers, preferably with post graduate qualifications in management * *Reqd* 20 years experience, a considerable position of it in plant operations. Prior experience in a large chemical process plant desirable but not essential * *Resp* Totally responsible for plant operations, including production, maintenance, technical services, materials, personnel, accounts * *Cont* Chairman, Apex Management Consultancy Group (P) Ltd, C-1 Rams Square, 2 Village Road, Madras 600 034 (BI — 27.6)

OVERSEAS

GENERAL MANAGER * Overseas * *Sal* Rs 23,000-25,000 + perks * *Age/Qlfn* Post graduates in management * *Reqd* 15 years experience at Sr management level * *Resp* Total responsibility of the company * *Cont* Ref No VP-135, Beam Services, 1, Colaba Chambers, 117, Wodehouse Road, Colaba, Bombay 400 005

PRESIDENT, COMMONWEALTH OF LEARNING * *Sal* Cmprable wth heads of other institns in Canada * *Age/Qlfn* Not stated * *Reqd* Citizens of a cmmnwlth contry, likely to be eductnl leadrs of interntl stature, must combine interntl expernce, an understndg of the appliatn of distnce eductn in devplpmnt, excllnt intr-persnl sklls * *Resp* Will launch the new organisation which will promote human resource development through a sharing of commonwealth distance education experience and resources * *Cont* along with names of three referees The Commonwealth Secretary-General, Marlborough House, Pall Mall, London SW1Y5HX (Econ — 18.6)

GENERAL MANAGER (Marketing) * Kathmandu * *Sal* INR 1.2 lakhs plus furnished house plus car * *Age/Qlfn* 40 years * Graduates * *Reqd* 15-20 years experience, last 5 years as regional head of marketing in well-known soaps and detergents or consumer products company, proven strength in product planning and launch, pricing and advtng * *Resp* Independent charge of all marketing functions for existing and propsoed products * *Cont* Code GMM/DEL/374, Personnel Selection Division, ABC Consultants Private Ltd, 209, Meghdoot, 94, Nehru Place, New Delhi 110 019 (BI — 27.6)

Sal — salary; *Age/Qlfn* — age and qualifications; *Reqd* — required; *Resp* — responsibility; *Cont* — contact

Executive positions

ToI — Times of India; *H* — Hindu; *S* — Statesman; *HT* — Hindustan Times; *ET* — Economic Times; *Econ* — Economist; *BI* — Business India

NATIONAL

LAW OFFICER * Bombay, Madras, Bangalore, Calcutta, Delhi * *Sal* Commensurate with qualifications * *Age/Qlfn* 25-30 years * Bachelor's degree, prefeably in commerce, and a law degree from a recognised universty * *Reqd* 3-5 years experience in a solicitor's/advocate's/lawyer's firm, with a working knowledge of civil law, with particular reference to property matters and commercial contracts * *Resp* Drafting of agreements, conveyance, indemnities, affidavits, written statements, briefing of lawyers, solicitors and counsels * *Cont* Code LAW/BOM/88, Vice-President, Human Resources, Taj Group of Hotels, Mandlik House, Mandlik Road, Apollo Bunder, Bombay 400 037 (ToI — 24.6)

REGIONAL SALES MANAGER (Pharmaceuticals) * Ahmedabad, Patna, Calcutta, Hyderabad * *Sal* Rs 45,000-55,000 + perks * *Age/Qlfn* 35 years * Science or pharmacy graduate, preferably with a degree or diploma in management studies * *Reqd* 7 years experience, at least 4 as district sales manager with a reputed pharmaceutical company, leadership qualities essential * *Resp* Will guide the motivate a large team * *Cont* Box G 460-S, Times of India, Bombay 400 001 (ToI — 23.6)

WEST

REGIONAL MANAGER * Bombay * *Sal* Attractive plus housing * *Age/Qlfn* 40 years * Electrical/automobile engineer. Added advantage is a PG qualification in management * *Reqd* 10-15 years experience in sales and service of engineering products, 5 years in a senior position * *Resp* Formulation and implementation of business strategies * *Cont* The Group Personnel Manager, Lucas Indian Services Limited, II Floor, 272 Anna Salai, Madras 600 018 (BI — 27.6)

DEPUTY GENERAL MANAGER (Projects) * Bombay * *Sal* Rs. 150,000 * *Age/Qlfn* 35-40 years * Chemical engineer preferably with management qualifications. * *Reqd* 15 years experience in fine chemicals/petrochemical projects * *Resp* Will independently handle all project activities e.g. project identification, interacting with government/financial institution, co-ordinating design consultants, procurement, erection, etc. * *Cont* The Personnel Manager, Armour Chemicals Pvt Ltd, 158 CST Road, Kalina, Santacruz (E), Bombay (ToI — 23.6)

NORTH

SENIOR BRANCH MANAGER * Delhi * *Sal* Rs 9,000-11,000 p.m. * *Age/Qlfn* Not stated * Graduates, preferably with post graduate management qualifications * *Reqd* 15 years experience, must have independently managed branch operations and keep liaison with government departments * *Resp* Maintaining liaison with government departments etc, overall charge of branch administration, supervision of service station. Will report to the Resident General Manager and may in due course takeover * *Cont* Code R/99/483, Executive Director, Bajaj Autos Ltd, Akurdi, Pune 411 035 (ToI — 21.6)

EAST

CHIEF CENTRE MANAGER (Seismic Data Processing Computer Centre) * Calcutta * *Sal* Rs.125,000 + perks * *Age/Qlfn* Not stated * MSc in exploration geophysics * *Reqd* 13 years experience in geophysical data acquistion, processing and interpretation, 10 years in a modern kseismic data processing centre. A good background of petroleum geology preferred * *Resp* Shopfloor production and quality control of processing outputs of 2-D seismic data, leading a group of geophysical analysts, systems analysts and 1/O team * *Cont* Vice President (Human Resources), Nippon Denro Ispat Ltd, Park Plaza, 71 Park Street, Calcutta 700 016 (BI — 27.6)

SOUTH

MANAGEMENT TRAINEES (Technical) * Bangalore * *Sal* Rs.31,200 + benefits * *Age/Qlfn* Maximum 25 years * BE (mechanical/chemical) * *Reqd* NS * *Resp* Undergo 15 month training towards entry at managerial level * *Cont* The Senior General Manager (Management development), Brooke Bond India Ltd, Brookefields, P.O. Marathapalli, Bangalore 560 037 (H — 23.6)

SALES AND MARKETING EXECUTIVE (Health Care Products) * Bangalore * *Sal* Not a constraint * *Age/Qlfn* 27 years * Graduate preferably with medical/nursing/pharmacy qualifications * *Reqd* 5 years experience in a product management capacity with a knowledge of surgical supply distribution * *Resp* Will report to the General Manager (marketing and business development) * *Cont* Birla 3M Ltd, Jubilee Building, Museum Road, Bangalore 560 001 (BI — 27.6)

OVERSEAS

ECONOMISTS * Manila * *Sal* Competitive * *Age/Qlfn* Not stated * Master's degree in economics, doctorates preferred * *Reqd* 7 years of experience in programming, project or specific sector work, experience in economic analysis of international trade and investments, urban and regional economics, etc proficiency in English * *Resp* * *Cont* Ref.No 8808 — B, Human Resources Division, Asian Development Bank, P.O. Box 89 Manila, Phillipines (Econ — 18.6)

PROJECT SPECIALISTS, ENGINEERS AND ECONOMISTS * Europe * *Sal* Attractive * *Age/Qlfn* Not stated * Not stated * *Reqd* An advanced degree and extensive experience, a good command of English and report writing capability, knowledge of French and other languages an advantage * *Resp* Identification, appraisal and suprvison of projcts in various sectrs and disciplines (agro-industry, transport, etc) incldng review of technical feasibility studies, preparation of cost estimates etc * *Cont* P.O.Box 995, 1011 Vienna, Austria (Econ — 25.6)

Venture Capital For Financial Services Industry

A prominent industrial Group wishes to enter the financial services industry. The intention is that the new activity should function independently as a separate Company and provide financial services of various kinds to all industrial and business concerns who may need them.

With this in view, we are looking for a creative and ambitious Chief Executive of the Company, experienced in this field, who is knowledgeable about where the growth opportunities lie and capable of exploiting them. Large freedom to implement his ideas and the prospect of large financial rewards in salary and profit participation, are offered to the executive confident of his abilities.

If you are the kind of person we are looking for, please write in strict confidence, within 10 days, giving particulars of your age, qualifications and experience, and the areas of the financial services industry you would be interested in developing, to:

Mr. Mahesh Chandra, Managing Director

Personnel Selection & Development Private Ltd.

50 Anandlok Colony, New Delhi-110 049

ABC's major specialisations include • Corporate Consultancy • SWOT Analysis • MIS • Operations Research • Industrial Engineering • Software Packages • Data Processing • Organised Cost Reduction • Materials Management • Project Reports • Systems & Procedures • Insurance Consultancy • Socio-Economic Studies

S&S POWER SWITCHGEAR LIMITED

PRESIDENT

Madras

Excellent Terms

Our client, **M/s S&S Power Switchgear Ltd.,** is a leading manufacturer of Vacuum and SF 6 Circuit Breakers and EHV Disconnectors in collaboration with Hawker Siddley Group Plc, UK. The company is a pioneer in its field and has achieved a sizeable growth in the last one decade. The present turnover is over Rs. 15 crores with an excellent order book position. The company plans to achieve a turnover of Rs. 25 crores in the next few years. To spearhead this challenging task, our client is looking for a seasoned Techno-Commercial professional to take charge as Profit Centre Head.

The President will have total responsibility for operations covering the entire gamut of functions including product development, manufacturing, quality, marketing, finance, materials, personnel, etc. Key areas of thrust will include streamlining operations, developing & motivating a close knit team for better task orientation, higher productivity, cost reduction, etc. for achieving desired results. Emphasis is necessarily on managing the operations through well directed plans for achieving the projected growth.

Our client is essentially looking for a mature person with a proven track record as profit centre head with capabilities for providing top level inputs in all facets of company operations. Good business sense coupled with excellent organising ability and man-management skills are a must. Candidates should be Engineering Graduates preferably from the Electrical industry (though not essential) with general management experience having gone through the rigours of business operations in a manufacturing environment. They should have the necessary stature and personality to interact with top level officials of Government organisations. Age: 45-52.

The position carries an excellent compensation package commensurate with top management positions.

Please write with detailed resume to M Madhusudan, General Manager, marking envelope & application with job title & code PSS/MDS/1478 or contact over phone at our office or at his residence (478691). ALL APPLICATIONS WILL BE TREATED IN STRICT CONFIDENCE.

ABC CONSULTANTS PRIVATE LIMITED

4 Jagannathan Street, Madras 600 034. Phone: 470778

RALLIS

Multi-Technology Group

Agrochemicals
Consumer Durables
Control Systems
Engineering
Pharmaceuticals
Exports

For the Year ended May 1987 *(Rs. in Crores)*

Income 225; Profit-before-tax 8.33; Profit-after-tax 5.8; Net worth 26.4; Loans 47.7; Net Fixed Assets 28.5; Dividend on Equity Capital 30%.

REQUIRE

MANAGING DIRECTOR

AT THEIR HEAD OFFICE IN BOMBAY

ATTRIBUTES

- A true professional preferably, but not necessarily, with technological background.
- Vision and dynamism to lead Company's profitable growth.
- Ability to mobilise and lead people and to get the best out of them.
- A proven record of success in a similar position.

The remuneration will be in accordance with the guidelines now prescribed by the Companies (Amendment) Act 1988.

Applications will be treated in strict confidence and identities will not be disclosed to the client without prior permission

Please apply within 15 days to :

S.B. BILLIMORIA & COMPANY
113, Mahatma Gandhi Road, Bombay 400 023.

superscribing MS 2006 on the envelope and the resume.

AFCO

ABC's major specialisations include Corporate Consultancy

We have been retained by a highly reputed and professionally managed Engineering Company engaged in the **execution of turnkey contracts** (including Process Design, Detailed Engineering, Procurement, Construction and Commissioning) for Metallurgical, Chemical, Petrochemical, Fertilizer, Refinery, Power, Material Handling Industries to select 3 key professionals for them. Present Sales Turnover is around Rs 35 Crores and plans are in hand to increase it to Rs 100 Crores in the next 3/4 years. All positions are located at **CALCUTTA.**

MANAGING DIRECTOR

He will take over total operational responsibility so as to achieve corporate targets of sales volumes & profitability. Should be an Engineering Graduate or a Chartered Accountant with **techno-commercial experience** and leadership qualities. Age Group 45-55. Code MDT/CAL/2456.

SENIOR VP-PROJECTS

Will be responsible for business development, planning, scheduling, execution/commissioning, monitoring and timely completion of projects. Should be an Engineering Graduate with **high negotiating skills** for effective interaction with clients, vendors, sub-contractors, site managers to achieve project completion within agreed time & cost parameters. Age Group 40-50. Code SVP/CAL/2457.

FINANCE MANAGER

Will take charge of all Finance & Accounts functions including Management Accounting, Budgetory Control, Installation & Operation of MIS, Financial Accounting, Company Law, Corporate Taxes, Commercial Aspects related to Company Operations. Must be a qualified CA/ICWA with senior level experience, preferably in a Turnkey/Engineering Company. Age Group 38-45. Code FMT/CAL/2458.

High Performers would have rewarding prospects. Total remuneration package will be handsome & negotiable. Please write in strict confidence within 7 days to **B P Agrawal, Chairman** and mark the envelope & enclosures with respective job title & code. Particulars of age, education, past experience, current position & responsibilities, emoluments drawn & expected, contact telephone numbers, etc., should be clearly mentioned in the bio-data.

ABC CONSULTANTS PRIVATE LIMITED
43/3, Hazra Road, Calcutta 700 019; Phones 473688 (5 Lines)

Organised Cost Reduction • Technology Transfer • Project Reports • Operations Research • Industrial Engineering

Data Processing • Computer Software Packages • Materials Management

SWOT Analysis • Systems & Procedure • Business Negotiations • Socio Economic Studies • Computer Feasibility

THE TIMES OF INDIA GROUP

BUSINESS DIRECTOR

Preferred Age : **Attractive remuneration +**

40-45 years **Car + Other perks**

We are the largest newspaper publishing company with an annual turnover of over Rs. 120 crores. We are looking for a BUSINESS DIRECTOR to be located in Bombay. The incumbent should have proven capabilities for managerial direction of commercial functions viz. Purchase, Stores, Transportation, Inventory Control, Insurance, Claims, finalisation of contracts for machinery purchases, Flat purchases, Printing Contracts and Information Systems. He should be well conversant with import regulation policies and procedures, Customs, Excise and Sales Tax duties and regulations, liaison with Government/semi-government bodies and related activity. A working knowledge of accounting will be an advantage.

Indepth knowledge of all matters concerning newsprint allocations, purchase, storage, sales of waste and handling will give an edge to the candidate.

The incumbent must have commercial and bargaining skills and a keen business sense and perspective so that he can make substantial contribution to the efficiency of the business function and cost reduction of the Company's inputs.

Apply in confidence with telephone contact number, full personal, job knowledge and experience details to :

The Managing Director,
BENNETT, COLEMAN & CO., LTD.
The Times of India Bldg.,
Dr. D. N. Road,
BOMBAY 400 001.

PROFIT CENTRE HEADS

Lucknow/Jaipur/Patna

Attractive Salary, Housing, Car, etc.

Our client, a profitable and growing, professionally managed organisation which is a national leader in its field, wishes to appoint Profit Centre Heads to oversee operations in the above cities.

The Profit Centre Head will have complete responsibility for all aspects of the business in the region. This includes planning and implementation of marketing, financial planning and control, overseeing manufacturing facilities and industrial relations as well as liaison with major customers, state government authorities, etc.

Applicants should preferably be management graduates with proven general management ability and a sound marketing background. Experience of around 10 years of which at least 5 years should have been as head/deputy head of an independent operation in a well known, established organisation is essential. Persons currently in receipt of a basic salary of less than Rs. 5000 p.m. or working in an organisation with an annual sales turnover below Rs. 30 crores are unlikely to be considered suitable.

The position offers an attractive compensation package including housing, car, leave travel, medical and retirement benefits.

Please apply in strict confidence within 10 days to:

A.F. Ferguson Associates
Hansalaya
Barakhamba Road
New Delhi 110 001

giving full details of age, qualifications, experience and salary drawn. Applications and envelopes must be marked Ref. **"MS/4817."**

SPARTEK
Ceramics India Limited

We are a young and professionally managed group with an enviable track-record and targetting an annual turnover of Rs. 100 Crores. We are diversifying into new projects that would consolidate our dominance of Ceramic Industry.

To keep pace with the growth plan, we need the following professionals who apart from having Managerial skills should be hard-working, committed and result oriented.

VICE-PRESIDENT/GENERAL MANAGER (Operations)

Persons holding top management qualifications from reputed institutions and having atleast 10 years general management experience at very senior/top level in organisations of repute would be best suited. Preferred age group would be around 40 to 45. He should have strong demonstrative capabilities of running the unit using most modern methods of management. He should also be dynamic with leadership qualities to motivate and lead professional team in the unit.

He should be in a position to take over the total responsibilities of a unit including its growth and profitability. He would be required to effectively coordinate all the unit activities – planning, production, quality control, finance, materials, marketing, personnel etc. He would be responsible for the smooth and efficient running of the unit.

PROJECT MANAGER

Should be a Mechanical/Chemical Engineer with about 10 years experience in a continuous process manufacturing Industry. He should have prior experience in Project Planning, materials handling, co-ordination and commercial functions involved in Project Management. He will be responsible for all aspects of project implementation including liaison with All India Financial Institutions and Government Authorities. During project implementation he should demonstrate managerial skills for completion of the project to grow to the position of General Manager of the Plant.

SECRETARY - FINANCE MANAGER

The incumbent should be a qualified Chartered Accountant aged around 35 years with strong financial and taxation background having a minimum of 7 - 10 years experience in a similar position in a reputed organisation. Prior experience with all All India Financial Institution and Capital Markets is necessary. He should also be a qualified Company Secretary and will assume responsibility for all secretarial, legal and Company Law matters. Should be capable of leading a professional team to achieve the Company's objectives.

The remuneration package for the above positions will match the talent.

Send your Bio-data in confidence to :

Managing Director
SPARTEK CERAMICS INDIA LTD
52, Chamiers Road, Madras – 600 028.

GROUP FINANCIAL CONTROLLER

DUBAI

Top Management Salary
+ Perks

We are a Transnational Organisation having a very strong presence in the entire Middle-East with operational focus on Food Products/Processing, Cold Storages, International Trade and Manufacture of Edible products. To ensure effective financial control, we require a very senior finance professional to head the finance function and to oversee and support the massive expansion & diversification programmes envisaged by the Group.

We seek a mature Chartered Accountant with strong leadership capabilities, having 10/15 years post qualification experience, including at least 5 years at senior most levels, in the areas of formulation/implementation of Financial Policies/Plans, Financial Accounting & Management, Working Capital Management, effective Interaction with Financial Institutions, Corporate Tax Planning, Costing, Internal Audit, Financial Information Systems and EDP. A strong flair for Corporate Planning as well as a legal background would provide a distinct edge over the other contenders.

Our compensation package would be designed to attract the best available talent.

Applicants may please mail their resume within 15 days giving complete profile including age, qualifications, experience, track record, career mile stones, present salary, expectations and contact address and telephone numbers to AA/270/CI/1, Business India, Wadia Building, 17/19 Dalal St., Bombay-400001.

ABC's major specialisations include Corporate Consultancy • Project Reports • Operations Research • Industrial Engineering • Systems & Procedures • Computer Feasibility • Organised Cost Reduction • SWOT Analysis • Data Processing • MIS • O&M • Software Packages • Materials Management • Project Reports • Business Negotiations

Our clients, a fast expanding **professionally managed diversified group** of industrial & trading companies with turnover of over 40 crores, require Finance Professionals for **their new hi-tech project having foreign collaboration.** The corporate office of the group is located in Delhi.

FINANCIAL CONTROLLER cum COMPANY SECRETARY

Baroda **Excellent Terms**

Reporting to the Managing Director, the incumbent will be totally incharge of the Finance & Accounts functions at the Works including sales/purchase accounting, cost/budgetary control, MIS, taxation and liaison with banks & financial institutions. The incumbent will also look after all matters pertaining to Company Law, IDR Act, Board Meetings, Secretarial Services and allied fields. **Key responsibilities are to install effective recording and management control systems, manage finance & cash flow, control cost and develop cost consciousness throughout the organisation.** Applicants should be a Chartered Accountant and qualified Company Secretary **preferably Law graduates** with excellent academic record. 15 years relevant experience including minimum 5 years as head of the Finance & Secretarial functions in medium size manufacturing industry **is essential.** Exposure to computerised accounts desirable. Preferred age: 40-45 Code : FCS/DEL/373

SENIOR ACCOUNTANT

Baroda **Good Terms**

Reporting to Financial Controller cum Company Secretary, the incumbent **will head the accounts department with responsibility for book keeping, financial accounts, MIS, interface with auditors & tax authorities and other accounting functions.** Must be qualified CA with proven track record of around 8-10 years in the above areas including a minimum of 3 years as Senior Accountant. **Distinct strength in tax planning and ability to implement computerisation of accounts desirable.** Preferred age : 35-40. Code :SAC/DEL/379

We are looking for dedicated hard working professionals. **Remuneration package would not be a constraint for the right candidates.** Please apply in strict confidence within 10 days with detailed biodata, **present & expected** salary and atleast 3 references to **Col. VP Gulati, Associate** quoting relevant job title and code.

(Personnel Selection Division)

ABC CONSULTANTS PRIVATE LIMITED

209 Meghdoot, 94 Nehru Place New Delhi - 110 019. Phone: 6433383

ABC's major specialisations include Corporate Consultancy • Organised Cost Reduction • Technology Transfer • Project Reports • Operations Research • Industrial Engineering • Data Processing • Computer Software Packages • Materials Management • SWOT Analysis • Systems & Procedure • Business Negotiations • Socio Economic Studies • Computer Feasibility

Our clients are a professionally managed, multi-product, multi-unit **Industrial Group.** Current sales turnover of Rs 150 Crores is targetted to cross Rs 200 Crores in the next 12 months. For their expanding operations, they now wish to recruit 2 Senior Professionals.

EXPORT MANAGER

CALCUTTA **Excellent Terms**

As head of the department, his responsibilities will include market development, formulation of high return export strategies, shipments, clearance, export documentation, compliance with foreign exchange regulations, etc. Should preferably be a Mechanical/Metallurgical Engineer with 10 years of relevant experience in exports of **Engineering Products and Steel Castings.** Age Group 35-40. Code EM/CAL/2460.

SALES MANAGER

DELHI **Excellent Terms**

For Commercial Negotiations, Co-ordination of sales activities, liaison with Government Officials at all levels, etc. The ideal candidate will be Engineer/Graduate with atleast 10 years of selling experience in **Engineering/Metallurgical Products** to Government Sector. Age Group 35-40. Code SM/CAL/2461.

These are key appointments and salary & perquisites will be entirely negotiable. Perks will include House/HRA, Car/Conveyance Allowance, LTA, Medical, PF, Gratuity, etc. Please apply in strict confidence within 10 days to **T Sengupta, Manager** and mark the envelope & enclosures with respective job title & code.

(Personnel Selection Division)
ABC CONSULTANTS PRIVATE LIMITED
43/3, Hazra Road, Calcutta 700 019, Phones : 47 3688 (5 Lines)

MAXXON

Biaxially Oriented Polypropelene Film Project (BOPP)

Maxxon India Limited, an associate Company of Max India and Ranbaxy, is setting up a Rs. 25 crore project for the manufacture of Biaxially Oriented Polypropelene (BOPP) film in collaboration with PSIDC. This is the first of the Company's new endeavours in the film manufacturing and packaging related business area.

The factory will be located near Chandigarh, close to Max India's existing factory complex, and the Head Office of the Company will be in Delhi.

To head the marketing and select commercial functions, the Company is on the look out for:

HEAD OF MARKETING

DELHI

The incumbent will be responsible for:

i) Assisting the Chief Executive in developing the business strategy of the Company, (ii) Developing the specific product and marketing strategy for the BOPP film project, (iii) Sales and distribution, (iv) Providing commercial support to the Factory operations.

The ideal candidate should be in the age group of 30-40 years; an MBA with a Chemical or Mechanical Engineering background; a person who has held a senior position in the marketing function of similar or related products or industries; is innovative and has a flair for working with the concept of identifying products and formulating strategy to respond to market and consumer needs.

The following personality dimensions will be viewed as prerequisities: self motivated, confident, pleasant personality, proven track record and team building ability.

This is a Senior Management position and the incumbent shall report to the Chief Executive of the Company.

Please apply in confidence to:

The Chief Executive
MAXXON INDIA LTD.
Devika Tower, 6, Nehru Place, New Delhi 110 019.

CHAITRA-D MAX 588

GCEL

GUJARAT COMMUNICATIONS & ELECTRONICS LTD.

A-78/6/5 GIDC Electronics Estate, Gandhinagar 382 015

NEEDS
MARKETING MANAGER

GUJARAT COMMUNICATIONS & ELECTRONICS LIMITED a Public Sector Undertaking of the Govt. of Gujarat is engaged in the manufacture of professional electronic equipments in the factory situated at Baroda. Under its expansion programme it has started a New factory at Gandhinagar, the capital of Gujarat for manufacture of the latest version of Electronic Push Button Telephone under foreign collaboration.

GCEL, being the only company to bag orders worth Rs. 10 crores from MTNL, DOT wishes to appoint dynamic and result oriented person for our organisation for Marketing Department.

Qualification : Degree preferably in Electronics Post graduate Qualification in management from any reputed universities/institutions is desirable.

Experience Minimum of 10 years experience in the marketing of consumer industrial products. Candidates should be capable of formulating and implementing short and long term marketing strategies to increase the Market through exploring & developing new areas and should be able to develop dealers/stockists net work for effective distribution of the product through out the country. Should be capable of planning and implementing sales and after sales net work. He has to lead a team of professionally qualified Marketing Executives.

Age Not exceeding 45 years

Salary Gross emoluments Minimum Rs. 6105/-
Maximum Rs. 7564/- in the grade of Rs. 4100-5300/-

Besides salary, the employees of the company are eligible for provident fund, gratuity medical reimbursement etc. as per the rules of the company as applicable to Gandhinagar unit. Candidates meeting the above requirement may send their application within 10 days from the date of this advertisement alongwith postal order for Rs. 10/- (Rupees ten only) to the Additional General Manager, Gujarat Communications & Electronics Limited, A78/6/5, GIDC Electronics Estate, Gandhinagar 382 015.

Candidates called for interview are eligible for to and fro 1st class rail fare on production of rail fare receipt or ticket number.

Chemplast

Fine Chemicals Division

MARKETING MANAGER — PHARMACEUTICALS

Chemicals and Plastics India Limited, a well established company in the field of chemicals, is actively expanding and diversifying into new products, viz., thermoplastics, speciality chemicals, pharmaceuticals and fine chemicals.

We need an outstanding professional to head the marketing function of Company's pharmaceutical activities, based at ***BANGALORE.***

The responsibilities will include

- *conceptualising, developing and implementing marketing strategies and plans*
- *sales management and achievement of targets*
- *supporting development and delivery of new products*
- *developing the distribution channels for the products*
- *building the marketing team, leading, and motivating field sales force*

Candidates must be graduates in Science/Pharmacy with post-graduate qualification in marketing and about 10 years of relevant experience in a pharmaceutical company, of which at least 2 years should have been as Sales/Marketing Manager. He should have a probing, analytical mind, leadership qualities, achievement orientation and strong business acumen.

Preferred age : 35-45 years.

This is a senior level assignment and compensation would be attractive. The selected candidate can look forward to an interesting and challenging career with good prospects for growth and development.

Please send your resume within 10 days with a recent photo quoting Ref.No. M/40 to :

The Personnel Manager
Chemicals and Plastics India Limited
8, Cathedral Road, MADRAS 600 086.

We are a highly profitable multi-unit FERA Company, associated with a large International Group. Our Company is engaged in the manufacturing and marketing of premium brand industrial products through an all India network of sales offices and dealers. We are well known for our professional approach in management with an enviable track record and an annual sales turnover of 70 crores.

We are looking for professionals for the following positions, to strengthen our management team:

MARKETING MANAGER **NEW DELHI**

(Code MM)

The incumbent will be responsible for product management activities and will be involved in the formulation and implementation of marketing strategies as well as promotional activities, advertising, market research and co-ordinating & monitoring all marketing and financial parameters. The job involves extensive travelling.

The candidate should be an MBA from a Premier Management Institute with a minimum of 5 years' experience in marketing with a company of repute out of which 2 years should be in the field. The candidate will report to the Director (Marketing).

REGIONAL MANAGER (SALES) **SOUTH**

(Code RM)

The incumbent will be responsible for planning, monitoring and controlling the sales operation in his region. He would be required to lead a team of sales professionals to achieve ambitious sales and collection targets and also ensure customer satisfaction.

The candidate should be a graduate, preferably MBA, with a minimum of 5 years' relevant experience. He should be able to speak a South Indian language.

PRODUCTION MANAGER **NORTH/SOUTH/EAST/WEST**

(Code PM)

The incumbents will be graduates in Mechanical/Chemical/Electrical Engineering having around 7 years' sound experience on the shop floor in a process industry. They should have strong administrative acumen, be able to keep the labour highly motivated and guide them to achieve the desired production targets.

Age for the above positions should be between 28-35 yrs.

Attractive compensation packages will be offered including Company Leased Accommodation. These will be commensurate with qualifications & experience.

Please apply in strict confidence with complete curriculum-vitae and a passport size photograph, superscribing the envelope with Code No., to:

BOX NO: AA/270/LE/4, **Business India,** 59, Regal Building, Connaught Circus,
New Delhi-110001.

TATA PRESS LIMITED

GENERAL MANAGER - MARKETING

Bombay

Compensation in line with senior managerial remuneration policies in the Tata Group

Reporting to : Managing Director

Job :
- ★ Develop customer-oriented marketing approach
- ★ Create a marketing organisation to meet the challenges of a competitive environment
- ★ Lead and motivate a team of professionals
- ★ Develop and implement market penetration strategies through concept selling

Person :
- ★ Seasoned
- ★ Dedicated
- ★ Out-going
- ★ Mid-forties
- ★ Either Sex

Experience :
- ★ In a service industry like advertising, publishing, tourism, hotel etc.
- ★ Exposure to print buying/selling desirable

Please apply in strict confidence within 10 days giving references and a passport size recent photograph to:

A. F. Ferguson Associates
Post Box 1786
Bombay 400 001

All applications and envelopes must be marked "Ref. MS/4796". Candidates not contacted within three months of application, may assume that they are not being considered.

We're looking for a General Manager (Materials) who knows all there is to know about his job.

And wants to know more.

After fifteen long years in materials management, there's nothing you don't know about floating and screening tenders, routine quality checks, company quotes, and so on.

Most people feel that's all there is to materials management.

But if you're prepared to look beyond routine tasks, if you're looking for exciting new responsibilities and challenges, TVS-Suzuki has the job for you.

Besides the routine duties a GM (Materials) performs, you'll be in charge of several dynamic areas like vendor support, ancillary development, inventory management and cost reduction.

You will lead a 70-member team. To ensure a regular supply of high-quality material worth Rs.120 crores a year.

We'd like you to be a degree/diploma holder in mechanical engineering, preferably with added qualifications in materials management. Of your 15-20 years' experience, the last 5 years should be at a senior level in a light engineering industry.

You'll be living in Bangalore, and working at our factory in Hosur. We'll provide you with transport to work and back.

Send in your application (on A4 size paper) and a recent passport size photograph within 10 days to:

The Senior Manager (HRD)
TVS-Suzuki Limited
"Jayalakshmi Estates"
8, Haddows Road
Madras 600 006

TVS-SUZUKI

TVS.3.88

AMBITIOUS PLANS? JOIN THE TEAM.

SULZER Brothers
RPG Enterprises

SULZER INDIA LIMITED, a joint venture company of RPG Enterprises and Sulzer Brothers Limited, Switzerland is setting up a factory near Pune to manufacture High Pressure Compressors, Columns & Packings for Distillation & Absorption, Static Mixers, Cryogenic Equipment, Industrial Refrigeration Plants, Multistage Pusher Centrifuges etc.

For its operations in Pune, the Company is looking for the following personnel:

General Manager – Commercial: Will have overall responsibility of Finance, Secretarial, Legal & Administration functions, MRTP, FERA & Company Law matters, Corporate Taxation and liaison with Banks & Financial Institutions.

Qualifications: Candidate should be a qualified Chartered Accountant and Company Secretary with 10 to 15 years' experience including 3 to 5 years at a Senior Management level with a reputed company.

Manager – Materials: Will be overall in charge of the materials function which includes Materials Planning & Procurement, Imports, liaison with Government Agencies for necessary clearances, Vendor Development, Inventory Control and Stores Management.

Qualifications: Candidate should be a Mechanical Engineer with 7 to 10 years' experience of which at least 2 years should have been in a managerial position with a reputed company. He should possess good knowledge of Import Policies & Procedures, Excise formalities etc.

Manager – Maintenance & Utilities: Will be responsible for Installations, Maintenance and smooth running of Plant, Machinery, Electrical Equipment & Utilities.

Qualifications: Candidate should be an Electrical/Mechanical Engineer with 5 to 7 years' experience in maintenance of the above equipment with a reputed company. Candidates with exposure to Electronics/ NC machines will be preferred.

Interested candidates may send in their applications within 10 days with detailed Bio-data, clearly specifying salary drawn/expected, superscribing the envelope with the position applied for, to:

President
Sulzer India Limited
2nd floor, CEAT Mahal
463, Dr. Annie Besant Road
Worli, Bombay 400 025.

PERFECTION

BONSAI – Accomplishment of a perfect skill stimulating man's boundless imagination.
At VHEL an inspired team has perfected the art of Miniaturisation. VHEL Hybrid Circuits are the result of stringent quality control and expertise.
We are currently advancing into new areas of state-of-the-art technologies.

VHEL

VIKAS HYBRIDS & ELECTRONICS LTD.
B-433, New Friends Colony, New Delhi-110065.
Tel: 6831941, 6836541, Telex: 31-65064
Cable: VIKTRON, Fax No.: 91-11-6447347

CHIRANJIN

We believe in long relationships.

We're married to the idea of staying with our customers right through.

That's why it isn't hard to see why everyone today prefers to buy computers (or anything for computers) from Computer Point.

For one thing, we offer the best deals.

Including the widest choice, the most attractive prices and the best maintenance support.

Over 4,000 totally satisfied customers will vouch for our commitment.

Which begins with providing you with the widest range of products — and goes on to ensure that you get the best answer to your requirements.

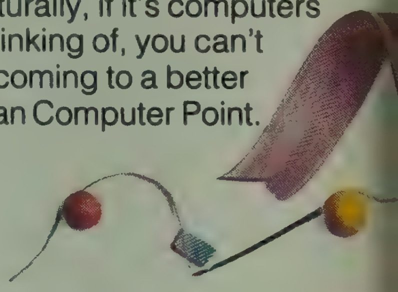
Yes, we're committed to giving you the best value — in terms of complete solutions. We examine your needs thoroughly and only then do we advise you on what to buy — and why!

Even after you've bought a system from us, you'll find our relationship as close.

We'll help you choose the right software, implement it to your satisfaction and continue providing you with updates as well as on-going service.

As long as you want it.

Naturally, if it's computers you're thinking of, you can't think of coming to a better place than Computer Point.



Because, while everyone looks at your needs from their angle, we see your point of view!

Bangalore 43, Dickenson Road, (Road Opp. Webb's Garage) Tel: 578718 / 578452 • **Bombay** 227, Dr. Annie Besant Road, Worli, Tel: 4936716 / 4930543 / 4934947 • **Calcutta** 5, Camac Street Tel: 434670 • **Cochin** Nedumchalil Chambers, Mullachery Canal Road, Ernakulam Tel: 367307

Just Married!

Sista's-1485/88

COMPUTER POINT
We see your point of view!

Hyderabad 10, Regency House, Greenlands Road, 680 Somajiguda Tel: 229123 / 229374 • **Madras** 92, G N Chetty Road (Opp. Vani Mahal) T Nagar
el: 441192 / 441029 • **New Delhi** F-41, South Extension Part I, Tel: 624370 / 698548 / 616142 • **Pune** Suma House, 870/1, Bhandarkar Institute Road Tel: 51714.

MARKETING PERSONNEL

As the market leader of the two and three-wheeler industry, Bajaj Auto sold 600,000 vehicles in 1986-87 registering a turnover of over Rs. 600 crores. The company has active plans to further increase sales and production to a million vehicles per annum level and cross the Rs. 1000 crores turnover mark in the near future and consolidate its position in all segments of the market by consistent product innovation and aggressive market development.

For this we require competent and result-oriented individuals to join the present marketing team working in a highly professional and growth-oriented environment.

ALL-INDIA FIELD SALES MANAGER (R/12/482)

This key position involves overall planning and achievement of sales targets with dealers, upgrading dealerships all round, active market development, assessing product feed-back, designing and executing creative sales promotions, gathering market intelligence, motivating field sales personnel/dealers' staff and evaluating dealer performance. Further, participation in product planning/development, advertising strategy and dealer network planning would also be important responsibilities. The person has to be an outstanding leader, capable of systematic planning and analysis and have a high energy level to operate effectively in the field. He would be supported by an excellent team of specialists from Marketing H.O. in product planning advertising, sales promotion, dealer development, distribution and also an extensive country-wide sales/service/parts organisation.

The position reports to General Manager — Marketing.

SENIOR MANAGER — MARKETING PLANNING/SERVICES (R/12/483)

This key position involves overall responsibility for detailed market analysis; product planning including current models development and new products formulation; development of major sales strategies; systematic analysis of Company's commercial policies and their further evolution for better marketing effectiveness; product pricing and profitability improvements; dealer network planning, selection of new dealers and their proper installation to time-bound schedules; development of institutional sales/vehicle financing packages; sales volume/capacity planning and overall marketing operations budgetary control. Further, the advertising and sales promotion functions would also be coordinated by this position, including interface with the company's ad agencies and the field sales team.

This position reports to General Manager - Marketing

DEPUTY MANAGER — SPARES MARKETING (R/18/479)

This position has direct responsibility for developing the spare parts sales operations in the field to a level of about 50 crores p.a. in the near future. Major responsibilities include selection and effective installation of new distribution channels for wholesale/retail sales, setting of sales targets and their achievement, commercial policy formulation including pricing/discounts/incentives, packaging and branding, advertising and merchandising support to the field, trade competitor evaluation and strategy development, sales assistance to dealers/distributors for business development, etc. The position requires high commercial acumen and sound knowledge of the spare parts trade at the grass-root level for effectiveness.

Sr. No.	Position	Qualification	Relevant Experience (in years)	Age Limit
1.	Senior Manager Marketing Planning/ Service R 12/483	Preferably Engineering graduates with Post-graduate qualifications in Business Management or Marketing.	12-15	45
2.	All-Indian Field Sales Manager R 12/482		10-12	45
3.	Deputy Manager Spares Marketing R 18/479		6-8	40

All positions are based in Pune.

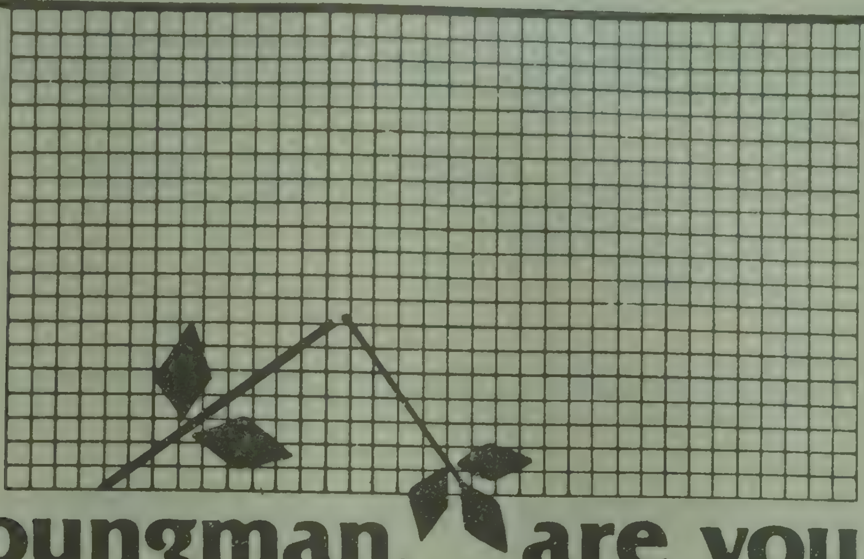
Emoluments will be commensurate with qualifications and quality of experience. Company accommodation can be considered.

Apply within 10 days to the Dy. General Manager (Personnel) giving details of qualifications, experience, age, salary drawn and expected, with the name of the post and the code number indicated above superscribed on the application. Please also enclose a recent passport-size photograph.

bajaj auto ltd.

Akurdi, Pune-411 035

88-381



Youngman, are you being nipped in the bud?

We will help you bloom.

For young men, who feel restricted by their present companies, we offer an opportunity to take wings and soar. Into the wide world market.

About us:-

We are a group with global interests under the banner of the Bombay Oil Industries. The group has recorded impressive growth during the last 3 years with a current turnover of Rs. 70 crores. Our Consumer Product Division are the makers of Saffola and Parachute Oils. Our Fatty Acids Division makes a wide range of fatty acids, amines and surfactants.

The Oleoresin division has grown to be one of the largest manufacturers of Oleoresins, Oils and natural food colours in the world. Nearly all the major seasoning and flavour companies of the world are our customers. From Chicago to Tokyo, Helsinki to Sydney, our products have earned a reputation for quality and reliability.

The division has drawn up very ambitious plans to achieve a major share of the world market by 1990.

We need people with a lot of drive and innovativeness to join a team dedicated to realize our visions.

TERRITORY MANAGER (USA/CANADA) Location: Cochin

You will be working in a territory which accounts for nearly half the world market, is the most intensely competed and has the most demanding customers. Laying down targets and developing a plan to achieve those targets will be your job.

Ideally, you are an MBA with 2-3 years' experience in the food industry. More importantly, you have a tremendous desire to excel.

CUSTOMER SERVICES MANAGER

Location: Cochin

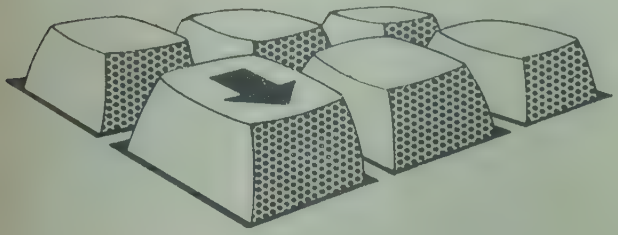
You will be required to upgrade service support to deliver more value to the customer. This entails your understanding of the customer's end applications; critical quality parameters and methods of analysis etc. You will launch service campaigns, be a part of customer teams and launch new products.

You are an M.Sc. (Chemistry)/Chemical Engineer/Food technologist with 2-3 years' experience as a Product Executive. You have a sharp analytical mind and like to set up stiff standards.

Both these positions report to the Marketing Manager. Don't worry about the trivialities of compensation. Ours will be better than the best. Just write to us, within 10 days, with complete details and a passport size photograph:

PERSONNEL AND ADMINISTRATIVE EXECUTIVE
THE BOMBAY OIL INDUSTRIES (PVT.) LTD.
Botanical Extracts Division Post Bag No. 3, Angamaly South - 683 573 Kerala, India.
Cable: Oilind. Telex: 885 318 VIKE IN Phone: 04856-236

TOPADS/BOI/188



The need to look beyond the obvious, to see beyond the possible, has its own special requirements.

The first electronic typewriter company is looking for...

REGIONAL SALES MANAGERS

at Delhi, Bombay, Madras and Calcutta

Rs. 80,000 – Rs. 100,000

The Regional Sales Manager will head and be responsible for a team of dynamic managers and executives. He will be called upon to decide strategy, plan courses of action, and meet sales targets.

The job calls for a decisive, quick-thinker with exceptional man-management and communication skills, and a brilliant track record.

Applicants should be graduates with 8-10 years of experience, or M.B.A.'s with 6 years experience in sales of consumer durables or office automation products. Of these, at least 4 years should include independently managing district/area offices through sales professionals.

NATIONAL MANAGER LARGE ACCOUNTS (SALES)

at Delhi

Rs. 80,000 – Rs. 100,000

The National Manager Large Accounts will be in sole charge of a major thrust area of the company. He will head a nation wide team of dynamic managers and executives, with offices in all the metros and major cities of India. He will provide and meet challenging sales turnover targets; negotiate with the decision-making panels in the government, financial institutions, and large public and private sector organisations; and will be called upon to convert large scale requirements into strategic business opportunities for the company.

Applicants should be graduates with 8-10 years of experience, or M.B.A.'s with 6 years experience in sales of consumer durables or office automation products. Of these, at least 4 years should include independently handling institutional sales.

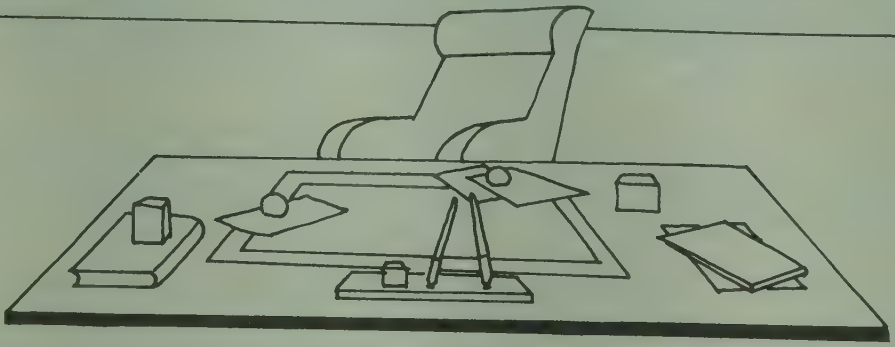
Please apply within 7 days, along with a detailed Bio-Data, superscribing your envelope with 'post applied for', and 'city', to : The H.R.D. Manager, Indian Communications Network Limited, Network House, D-10, Commercial Centre, Poorvi Marg, Vasant Vihar, New Delhi-110 057.

NETWORK

HTA 6066

DUNCANS

Duncans Tea Limited



One of the fastest growing Companies in the packet tea industry with an impressive track record and ambitious plans for growth in consumer products industry needs:

REGIONAL MANAGER (SOUTH)

LOCATION : Madras

REMUNERATION : Upto Rs. 1,00,000/- per annum.
+ Company Car/ Car facility
+ Company maintained accomodation

The ideal candidate should have a successful sales track-record in the consumer industry (preferably in Foods) with a total of around 10 years' experience in selling and with at least 2/3 years' at a similar level. His primary task is to motivate and manage the field force and build an effective distribution network to achieve optimum sales growth. Besides meeting the sales targets, he is expected to identify potential markets and business opportunities. His responsibilities will also include inventory and receivables management and implementing sales promotion programmes.

We are looking for a graduate around 35 years of age. He should be dynamic, result oriented and a born leader and willing to travel extensively.

MARKETING MANAGER

LOCATION : Delhi

REMUNERATION : Upto Rs. 1,00,000/- per annum.
+ Company Car/ Car facility
+ Company|maintained accomodation

We are looking for a person around 35 years of age. He should be a graduate. Post Graduate Diploma in Business Management from a premier institute would be an added advantage. He should have around 10 years' experience in Marketing including at least 3 years' experience in Sales in a reputed organisation marketing consumer products (Preferably Foods)

The incumbent will be required to formulate marketing strategies and plans, improve and innovate products. He will report to the General Manager (Sales & Marketing).

Please apply in Strict Confidence within ten days to:

Manager—Staff & Development
Duncans Tea Limited
4 Fairlie Place Calcutta -700 001

National Dairy Development Board

ANAND 388 001

The National Dairy Development Board, an organisation of national importance, employs professionals from various disciplines. The organisation is involved in implementing developmental projects in dairying and other agriculture-based commodities and allied industries. The NDDB's professional and supporting staff are located all over the country. Vacancies exist in the following areas.

Administration and Personnel

DEPUTY MANAGER

Qualification and Experience
The candidate must possess a sound knowledge and credentials in personnel management and/or industrial relations preferably with a master's degree from a recognised university and a minimum of 10 years' experience in the relevant field, 5 years of which must be in a leadership position. Candidates with qualifications in and exposure to law and human resource management will be given preference.

Preferred age: Below 40 years.
Grade: Rs.3700-125-4700-150-5000.

Accounts & Finance

1. DEPUTY MANAGER

Qualification and Experience
CA/ICWA. Minimum 8 years' experience for CA/ICWA. However, in deserving cases candidates with SAS and 12 years of experience, of which 5 years' in senior position in finance/accounts, may also be considered. Experience in project accounting/World Bank financed projects and computerised systems implementation will be preferred.

2. EXECUTIVE

Qualification and Experience
CA/ICWA/SAS. Minimum 4 years' experience for CA/ICWA and 6 years' for SAS in finance/ accounts. Experience in projects/material accounting or with reputed financial institutions and computer background will be preferred.

3. ASSISTANT EXECUTIVE

Qualification and Experience
CA/ICWA/SAS or Post Graduate Degree in Commerce/Finance. In case of CA/ICWA no experience essential. 3 years' experience for SAS, CA or ICWA (Inter) and Post Graduate in Commerce/Finance. Knowledge of data processing will be preferred.

Age : For post No.1 below 40 years and for 2 & 3 below 30 years preferred.

Grade : For post No.1 Rs.3700-125-4700-150-5000
For post No.2 Rs.3000-100-3500-125-4500
For post No.3 Rs.2200-75-2800-EB-100-4000

LEGAL PROFESSIONALS

A first or high second class degree in Arts/Science/Commerce with degree in Law. Post-graduate qualification in Personnel Management/Industrial Relations/Labour Welfare is desirable. At least three years' experience in handling legal matters, conciliation, adjudication and compliance of statutory requirements under various labour laws in the legal department of a reputed organisation. Candidates should be well conversant with labour laws and capable of handling cases before the Labour Courts/Tribunals. Knowledge in Contract Act, Arbitration Act, etc. shall be an added qualification.

The job involves independent drafting of legal proceedings, briefs, resolutions etc., and hence a good command over written and spoken English is essential for the incumbents.

Age : Below 30 years preferred.

Grade : Rs.2200-75-2800-EB-100-4000
Rs.3000-100-3500-125-4500

ENGINEERS

Adequately qualified and experienced Engineers are required in the following areas.

Refrigeration and Airconditioning

Degree in Mechanical Engineering. Minimum 5 years' experience in designing and operation of refrigeration and airconditioning plants. The candidates selected will be responsible for designing new plants and monitoring the operation of the existing plants to ensure efficient working of the plants. They will be responsible for introducing the latest refrigeration technologies in dairy plants.

Electronics and Instrumentation

Degree in Electronics/Electrical Engineering preferably with Specialisation in instrumentation or degree in Instrumentation Engineering. Minimum 5 years' experience in Instrumentation. The candidates selected will be responsible for helping the dairy plants in maintaining and upgrading instrumentation and control systems and also introducing automation in the plants for efficient operation and management.

Effluent Treatment

Degree in Civil Engineering. Minimum 5 years' experience in designing and execution of industrial effluent treatment plants. Post-graduation in Public Health Engineering will be preferred. The candidates selected will be responsible for developing efficient and low-cost effluent treatment plants, monitoring the operations of effluent treatment plants in NDDB-funded projects and suggesting necessary steps to improve performance of the existing plants.

Age : Below 30 years preferred.

Grade : Rs.3000-100-3500-125-4500
Rs.3000-100-3500-125-5000
Rs.3700-125-4700-150-5000

The gross emoluments at Anand in the minimum of the grades will be approximately —

Rs.3700—5000 — Rs.4770
Rs.3000—5000 — Rs.3880
Rs.3000—4500 — Rs.3880
Rs.2200—4000 — Rs.2856

Higher start in the above grades can be considered in case of candidates with exceptional qualifications and experience. The qualifications and experience may also be relaxed in deserving cases.

Besides pay, the NDDB offers attractive perquisites like Contributory Provident Fund and Superannuation, Gratuity, Leave Travel Concession for self and family, Group Insurance, Medical Insurance Scheme, Leave Encashment, Conveyance and House Building Advance, etc.

Other things being equal, preference will be given to SC/ST applicants, in whose case age limit is relaxable by 5 years. Candidates employed with Central Government or Public Undertakings should forward their applications through proper channel.

Application on plain paper in the applicant's own hand writing with details of name, age, present/permanent address, nationality, educational qualifications, details of experience, whether belonging to SC/ST and other relevant details along with a postal order of Rs.10 (Not applicable in case of SC/ST candidates) drawn in favour of the Secretary, National Dairy Development Board, Anand should reach the Sr. Executive (Administration), National Dairy Development Board, Anand 388 001 within 15 days from the date of this advertisement. The covers should be legibly marked with the advertisement No.NDDB:88:02.

Advertisement No. NDDB:88:02

FACTORY MANAGER & ASSISTANT FACTORY MANAGER

PALM OIL REFINERY

MALAYSIA **ATTRACTIVE TERMS**

WE ARE ONE OF THE LEADING REFINERIES IN MALAYSIA AND NEED FACTORY MANAGER AND ASSISTANT FACTORY MANAGER WHO WILL BE RESPONSIBLE FOR IMPROVING OPERATIONAL EFFICIENCY THROUGH IMPLEMENTATION OF COORDINATED COST-SAVINGS, MAINTENANCE AND QUALITY CONTROL PROGRAMMES.

QUALIFICATIONS: B.Sc. (TECH) OILS, FATS, B.(TECH) OIL TECHNOLOGY

CHEMICAL ENGINEER WITH 5-7 YEARS EXPERIENCE IN VEGETABLE OIL INDUSTRY CAN ALSO APPLY.

A DEGREE OR DIPLOMA IN MANAGEMENT AND SOME EXPOSURE TO GENERAL ADMINISTRATION OF A VEGETABLE OIL COMPLEX PREFERRED.

AGE: 25 - 35 YEARS.

INTERESTED CANDIDATES ARE INVITED TO SUBMIT A COMPLETE RESUME STATING DETAILS OF QUALIFICATIONS, EXPERIENCE, AGE, PRESENT SALARY ALONG WITH A PASSPORT SIZE PHOTOGRAPH TO:

Box No. AA/270/CI/2, **Business India,** Wadia Building,
17/19, Dalal St., Fort, Bombay-400001.

GREAVES

GREAVES COTTON & CO. LTD.

GREAVES COTTON & CO. LTD. is a multi-product, multi-market, multi-dimensional engineering enterprise engaged in the business of manufacturing and marketing a very wide range of high technology engineering products, systems and services.

Greaves now requires

MARKET ANALYST (MA)

The responsibilities of the incumbent will be to undertake demand forecasting and market studies for new and existing products, data collection and interpretation thereof and determining long term market trends and impact of Government policies.

The candidate should be a graduate engineer from a reputed institution with a degree/diploma in Marketing Management with Marketing Research as an elective subject.

INDUSTRIAL ECONOMIST (IE)

The responsibilities of the incumbent will be to conduct economic studies, environment analysis, industrial trends, perspective planning, interpretation of Government economic policies, etc.

The candidate should be a graduate engineer with post graduate Management qualifications. Post graduates in Economics with specialisation in econometrics and national accounts analysis may also apply.

Applicants for both the above positions should have 5-8 years industrial experience, preferably with research/consultancy organisations, large business houses or developmental institutions.

Compensation and perquisites will be commensurate with qualification and experience and in line with the Company's remuneration policies which include house rent allowance, provident fund and other benefits, like LTC, retirement compensation, etc.

Please apply in confidence within 10 days, stating all particulars including salary drawn and expected, superscribing the envelope with the relevant code, to:

The Manager-Human Resources
GREAVES COTTON & CO. LTD.
1, Dr. V. B. Gandhi Marg, Bombay-400 023.

The Thapar Group

S.A. BUILDERS PVT. LTD.
S.C.O. 49-50, SECTOR 26,
MADHYA MARG, CHANDIGARH.

We are a leading North India based Engineering and Construction Company executing projects all over the country. Present turnover is around 200 million per annum and we have 500 millions worth of contracts in hand. We are looking for a

CHIEF EXECUTIVE

who will be based in Chandigarh and will assume the total operational responsibility. Apart from ensuring the orderly conduct of the Company's operations, he will be expected to stimulate the growth of the Organisation and meet turnover and profitability targets. We are looking for an outstanding Civil Engineer, with around 20 years experience in execution of Civil Engineering projects, of which at least 5 years should have been in a very senior capacity.

Age: Around 45.

The candidate with a strong managerial personality and demonstrated leadership qualities with emphasis on team building would best suit our requirements.

Salary will commensurate with qualifications and experience and will include all top management perquisites including housing, car, utilities, medical and retirement benefits.

Please send your application within 10 days to **The Personnel Manager.**

INTERADS/CH

MARKETING MANAGER

We are Medium Scale Agro based Industry engaged in processing of all Oil Seeds like Sunflower, Groundnut, Cottonseed and Ricebran with an annual turnover of about Rs. 25 Crores.

We are on the look-out for a Marketing Manager for entering consumer market for marketing all edible oils. The Marketing Manager will be expected to formulate marketing strategies and policies and shall be responsible for their implementation. He will be expected to evolve his own competent team and build up a network of dealers for product launch, market development, sales distribution, advertising/promotion and customer service.

The candidate must be an outstanding Manager between 35 and 44 years with a successful record in Sales and Marketing preferably of Edible Oils or Consumer Products.

Remuneration will be attractive, Negotiable.

Apply in confidence to:

The Managing Director
G.P. COTTON & OIL
PRODUCTS PRIVATE LTD,
THIMMAPURAM 522 233
Via Chilakaluripet, Guntur Dist. (A.P.)

TARA • GPC • 881

MARKETING MANAGER

ATTRACTIVE SALARY
+ CAR + HOUSE
MADRAS

A professionally managed Road Transport Company of over three decades standing with an annual turnover of Rs. 12 crores and forming part of a diversified group of companies is embarking on a major expansion programme to reach an annual turnover of Rs. 25 crores in the next three years.

The Company is looking for a Marketing Manager to meet the requirements of their expansion programme. The selected candidate will be a professional with an outstanding track record of success in Sales/Marketing. Experience in transport, though highly desirable, is not essential. The job provides a challenge and an opportunity for rapid growth.

Attractive salary and perquisites will be offered to commensurate with the skills and talents of the candidate.

Please apply within 15 days to:

THE SALES DIRECTOR,
Post Box No. 1809,
Madras-600 001.

Adhiti 803

GENERAL MANAGER
(PHARMACEUTICAL PRODUCTION)

A leading progressive Public Limited Company, in Western India, is looking for a dynamic professional to take charge of its production operations, involving a wide range of pharmaceutical formulations.

The incumbent will be responsible for production planning, achieving targetted production, co-ordination with purchase, quality control and marketing functions, and liaison with drug control authorities. He will be expected to contribute positively towards improvements in standards of productivity, quality, resource utilisation, and sustaining & fostering harmonious employee relations.

The candidate should have a post-graduate degree in Pharmaceutical Science with minimum 10 years relevant experience, out of which atleast 5 years should be at a managerial level in a large pharmaceutical production operation. He should be well conversant with the latest technological developments in manufacturing & packaging, GMP requirements and statutory regulations.

This is a senior position reporting to the Chief Executive. The remuneration package will be attractive and will not be a constraint for the right candidate.

Please send your application within 10 days giving detailed resume and expected remuneration, to: Box No. AA/270/LA/3, Business India, Wadia Building, 17/19 Dalal Street, Bombay 400001.

ABC's major specialisations include

Corporate Consultancy • O & M • MIS • Materials Management • Feasibility Reports

Computer Services • Finance • SWOT

Market Surveys • Joint Venture • Industrial Engineering • Technology Transfer

ASST. GM. (SERVICES)

REPUTED COMPUTER COMPANY

GULF **EXCELLENT TERMS**

A reputed Computer Company, involved in the sale of world renowned computer hardware, development and sale of software, data processing, training, etc., is looking for an ASST. GM. (Services). The company is professionally managed, has an excellent work culture and boasts of an enviable track record of growth and profitability.

This is a very senior position and reports to the Chief Executive. It calls for assuming overall charge of Customer Engineering, Software Development, Data Processing Services and Training. Prime responsibility will be to provide effective leadership to a large and professional team to achieve agreed targets. Essentially we are looking for a mature Manager, with sound managerial skills, a robust common sense and a successful track record of managing one or more of the above mentioned functions in the computer environment.
Age Group: 35-45.

THE POSITION OFFERS AN EXCELLENT SALARY WITH PERQUISITES OF FULLY FURNISHED FAMILY ACCOMMODATION, CAR AND OTHER ALLOWANCES.

Write in strict confidence within 10 days, citing code: AGM/HNK/1007.

(Personnel Selection Division)
ABC CONSULTANTS
303, Embassy Centre, Nariman Point, Bombay-400 021

ONIDA

We are a professionally managed Company providing quality products and services. We manufacture and market colour Televisions, VCRs, Hi-fidelity/stereophonic systems and Video Cameras. Our Head Office is at Bombay and we have a wide branch office and marketing network. To meet the challenges of our growth plans we require young, dynamic and result-oriented professionals.

SENIOR MANAGER
Internal Audit

He should be a CA with minimum 5 years' relevant experience in a reputed manufacturing company. Exposure to computerised systems, MIS and taxation will be an advantage. Preferred age: below 35 years.

The incumbent will be overall in charge of the audit of accounting, operating and control systems. He will be responsible for the development of Audit Manuals, planning and implementing audit programmes.

MANAGER
Quality Control

The candidate should be minimum BE (Electronics) or equivalent. Post Graduate preferred. Minimum 8-10 years' experience in Quality Control in the consumer entertainment industry. Preferred age: around 30-35 years.

The incumbent will be responsible for all QC work on product upgradation and development. He will lead a team of engineers.

The compensation package for both positions compare favourably with the best in the industry. Please apply in confidence with bio-data within 10 days to:

Corporate Human Resources Development Dept.,
MIRC ELECTRONICS PVT. LTD.,
Onida House
Mahakali Caves Road
Andheri (E), Bombay 400093

VADILAL
ICE CREAM

We are a highly motivated, fast growing, well known, progressive group having immediate plans to expand/diversify into new product lines with emphasis on frozen foods. We wish to appoint the following personnel to further strengthen our activities.

(1) DISTRIBUTION MANAGER : AHMEDABAD
Graduate in any discipline, 35-40 years of age, having sufficient senior level experience in the field of distribution.

Selected person shall have to manage the timely despatches of ice creams and related products through a fleet of well maintained refrigerated and insulated vehicles. Job calls for a high degree of dynamism and ability to work under stress situations.

We are essentially looking for a live wire personality having good exposure on the functioning and control of vehicles, besides other despatch functions. Person with Engineering background and/or having MBA or equivalent degree shall have an edge over others.

(2) PRODUCTION MANAGER : 2 Positions (1 at AHMEDABAD, the other at TARAPUR in Maharashtra)
A Dairy/Food Technologist around 35 years of age, having 4 to 5 years senior level experience. Persons with post-graduate Degree in Dairy/Food Technology and/or having MBA or equivalent qualifications shall be preferred.

Emphasis will be on a high degree of professional competence and proven record of tangible achievements. Experience of modern packaging materials and techniques would be an added advantage.

Selected candidate will assume overall responsibility of the entire production function and shall lead a team of technologists to not only produce the quality products but shall also participate in development of new products.

(3) SENIOR MAINTENANCE ENGINEER : - AHMEDABAD
First Class gradute in Mechanical Engineering having 5 to 7 years experience in refrigeration industry or having sufficient knowledge of refrigeration maintenance. Persons with post graduate qualifications and/or having Management Degree shall be preferred.

The above jobs offer considerable potential for career growth and we will work out an attractive compensation package for the right persons.

Please apply within 10 days giving complete bio-data details to :

GENERAL MANAGER (WORKS)
VADILAL ICE CREAM
A DIVISION OF VADILAL INDUSTRIES PVT. LTD.
DUDHESHWAR ROAD, AHMEDABAD - 380 004.

ELCAPS

EQUAL OPPORTUNITY EMPLOYER

Elcaps Capacitors Ltd. is a joint sector company of Madhya Pradesh State Electronics Development Corporation being set up at an investment of over Rs. 4 crores, to manufacture Electrolytic Capacitors at MANDIDEEP-20 K.M. from BHOPAL (M.P.)
The Company requires:

Manager (Corporate Finance)
The incumbent will have the overall responsibility of the finance function and report to the Managing Director. CA/ICWA/MBA (Finance) with 5 to 7 years experience. A background of engineering/electronics industry will be desirable.

Manager (Works)
Graduate/Post Graduate Engineer with 7 to 10 years experience in a production set up out of which at least two years should be in electronic components industry, preferably Electrolytic Capacitor's Plant.

Manager (Materials and manufacturing)
The incumbent will be responsible for the entire materials and manufacturing activity. A Graduate engineer with 5 to 7 years relevant industry experience is required.

Manager (QC & R&D)
The incumbent will be responsible for Quality Control at all stages of manufacture and coordinate R&D activities with manufacturing department. A Graduate Engineer with 5 to 7 years of relevant experience is required.

Manager (Personnel & IR)
The incumbent will be responsible for the personnel function and shall look after all the statutory responsibilities such as ESI etc. A Post Graduate qualification in Personnel Management and 5 to 7 years relevant experience is required.

Compensation package will not be a limiting factor for the right candidate.

Please apply in confidence with complete bio-data, present salary drawn within ten days to:

The Managing Director
ELCAPS Capacitors Ltd.
147, Zone I, Maharana Pratap Nagar,
BHOPAL-462 011.

NO DISCRIMINATION AGAINST SEX

M.P. Madhyam/ELCAPS/149/88

STEEL STRIPS & TUBES LIMITED

A rapidly growing professionally managed industrial group with interest in steel and steel processing industry having current turnover exceeding 90 crores requires experienced professionals for following functions:

MARKETING:

For precision tube products, the candidates should be graduates in Engineering with atleast 5-10 years experience in marketing of Precision Steel Tubes.

PRODUCTION PLANNING & CONTROL:

Graduates having a minimum of 5-10 years experience in precision steel tube industry inclusive of cold drawing.

PRODUCTION:

An Engineering Graduate with a minimum of 5-10 years experience in the tube cold drawing industry with exposure to process schedule, gas plant, annealing furnaces etc. Posting for marketing personnel will be anywhere in India and other will be at Chandigarh in Northern India. Postgraduate qualification/M.B.A. with specialisation in respective field will be preferred. Age group within 30-45 years. Selected candidates will be fixed at suitable levels based on the qualification and experience. The remuneration package will be attractive.

Please apply in strict confidence with detailed bio-data, recent passport size photograph and details of present emoluments. Envelope should be marked with the position applied for and addressed to:

Executive Director
STEEL STRIPS & TUBES LIMITED
SCO No. 50, Sector 26, Madhya Marg,
Chandigarh-160 026

Interads/Ch

NELCO

REQUIRES

CORPORATE COST ACCOUNTS MANAGER

The selected candidate will be responsible for streamlining and functionally overseeing the costing function of all the operating Divisions. He will formulate the policies regarding costing system to be adopted by the operating divisions and will be expected to provide active functional support and guidance to the Divisional Accounts Managers and their costing personnel.

Candidates should be Chartered/Cost Accountants with 8 to 10 years' experience in a manufacturing organisation, preferably in the engineering industry. Exposure to system design and computerised accounting systems essential.

DIVISIONAL ACCOUNTS MANAGER

The selected candidate will be assigned to one of the operating Divisions. He will be responsible for the entire accounting, and finance functions of the Division and will be expected to closely interact with the Divisional Head and the other functional managers in the conduct of operations, their monitoring and control.

Candidates should be MBAs/Chartered/Cost Accountants with 8 to 10 years' post qualification experience. Experience in independently managing the accounts and finance function of a medium sized industrial unit and exposure to computerised accounting will be an advantage.

REGIONAL ACCOUNTS MANAGER

The selected candidate will responsible for the total accounting and administrative function including supervision of billing, receivables and operation of godowns, dealing with transport contractors and C & F agents, and generation of MIS and review of performance of the Regional Office and affiliated Branch/Area Offices. He will be expected to closely interact with operating Regional Managers and provide accounts and administrative support to them.

Candidate should be Chartered Accountants with around 8 year's industrial experience with adequate exposure to Regional Office operations.

The Company offers an excellent remuneration package and a congenial work environment with opportunities for rapid career growth.

Please apply within 10 days to:

Senior Manager – HRD
The National Radio & Electronics Co. Ltd
Mahakali Caves Road, Chakala, Andheri (East)
BOMBAY-400 093

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Please apply in strict confidence within ten days to:

A. F. Ferguson Associates
P.O. Box 1786
Bombay 400 001

giving full details of age, qualifications, experience and salaries drawn. All applications and envelopes should be marked "Ref. MS/4784".

RPG Group

R.P.G. Enterprises require for the ASIAN CABLES GROUP a **Financial Controller,** based in Bangalore to co-ordinate and supervise overall financial and accounting function at Wiltech India Ltd. and Karnataka Telecables Ltd.

The successful candidate will be a Chartered Accountant, around 45 years old, with 10 years of commendable experience of financial and accounting function at a senior level, including liaising with banks and term lending institutions, etc.

Salary will be no constraint for the right candidate.

Please send a structured resume giving full details of experience, salary drawn, etc., within 10 days to:

ASIAN CABLES CORPORATION LTD.
51/A, RICHMOND ROAD,
BANGALORE-560 025.

PPS

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CENTRAL INDIA

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Candidates suitable for this assignment will preferably be Electronic Engineers with around 15 years' experience in system development, conceptualising and implementing new projects. Experience in marketing will be advantageous. Preferred age group 45-50 years.

The Company offers very attractive compensation besides tremendous growth opportunities.

Interested candidates may apply within ten days with their biographical particulars, including the name of the present employer, current and expected emoluments and a passport-size photograph to:

PERSONNEL & PRODUCTIVITY SERVICES
(A Division of Tata Consultancy Services)
Army & Navy Building
148, Mahatma Gandhi Road
BOMBAY 400 023

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The job

The incumbent will prepare the feasibility report, advise on selection of machinery and implement the Project. On commissioning, he will assume overall charge of the **Process Manufacturing, Engineering, Technical** and **Administrative** matters of the plant and in essence, **Head the Unit.**

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The incumbent must be a **Mechanical Engineer,** preferably with an MBA from any of the reputed Institutes.

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Age-group should be between 35 – 45 years

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The incumbent should not only be technically well qualified but must have a congenial personality and a good head on his shoulders for trouble-shooting and envisaging longterm plans.

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308 Vaikunth House,
82-83, Nehru Place, New Delhi-110019

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316, Competent House
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Interested candidates may send their resume indicating qualification, experience and superscribing the code no. HCL/06/003 on the envelope to :

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Management Services Division
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404, H.K. House, Ashram Road, Ahmedabad-380009.

Members of our Data Bank need send only Membership numbers

SANKET AD.

Drawing investment to tourism

At the recently-concluded 37th annual convention of the Travel Agents Association of India (TAAI) held at Srinagar the new president elected was 64-year-old **Gautam Khanna** *(president of Mercury Travels, a wholly owned subsidiary of East India Hotels). Khanna was also TAAI president over 35 years ago, when the travel industry was in its infancy. He is also director and senior-vice-president, East India Hotels (better known as Oberoi Hotels). He is currently vice-chairman of the (Pacific Asia Travel Association, India chapter. He is also a member of the National Committee on Tourism. Ratna Sahai spoke to him on behalf of* Business India.

What are the implications of the recently announced concessions both for travel agents and hotels?
Although some concessions have already been announced we are hoping many more will be given which will result in a substantial increase in investment in tourism. Many companies who had not earlier thought of investing will now do so. This should give a tremendous fillip to the tourism industry and encourage its growth and also as a result create employment for educated young men and women.

The concessions given to the hotel industry are threefold — tax rebates under section 80HHC for companies earning foreign exchange similar to those given to other export industries; concessions regarding securing of land which will make land for hotel sites available not at purchase price but as a percentage of purchase price on lease basis, which naturally reduces the investment required; and concessions on interest rates, particularly interest subsidy for 3-star hotels.

Travel agents are given the same concessions under section 80HHC, which will give benefit to those who earn foreign exchange. They get 100 per cent concession, if 50 per cent of the concession is reinvested in infrastructure for the industry. This will help companies like ours, which earned Rs.11 crores in foreign exchange last year, to invest in modernisation.

As president of TAAI, what issues do you propose to take up during your tenure?
There are three issues that need to be looked at urgently. One is the question of membership. TAAI has two types of members, travel agents and tour operators. The travel agents have control of the association because the tour operators are not active members and therefore don't have a vote. In my opinion since the importance of the association is related to tourism rather than ticket selling, this position should be rectified which I hope to do within the year.

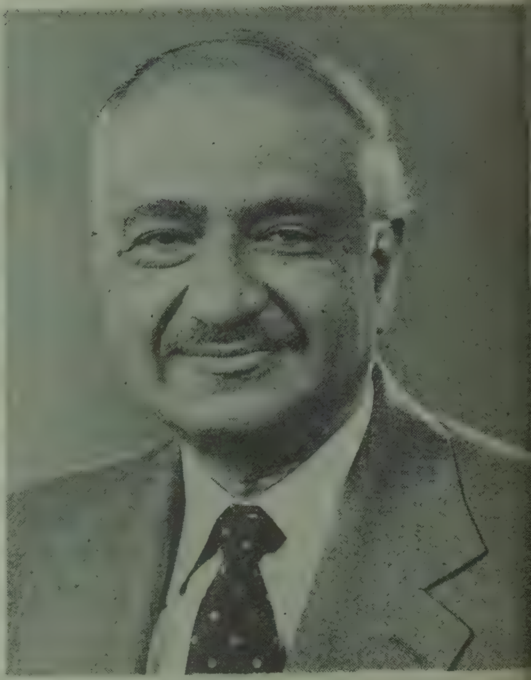
The other problem is the credit that travel agents are forced to give to their clients because of the competition. This results in their earnings being diluted substantially because of the interest they have to pay, and the business becomes extremely marginal.

Competition in fact is extremely fierce and this leads to the third problem of discounting. Airlines also compete through their general sales agents. Many small agents exist on very small margins and as a result are not able to provide much service to their clients, having been reduced to becoming merely ticket brokers. This is not a healthy situation and I propose to try and bring about an understanding between the agents and the airlines to clean up the marketplace.

One of the difficulties here is that many airlines are not members of the International Air Transport Association and are therefore not bound by IATA rules. Even those who are, do undercut fares which in my view is a very shortsighted policy.

This year the TAAI convention drew over 700 delegates. What are you planning for next year?
We plan to have our next convention in Dubai at the same time as the Trade Fair in February 1989 so that we present a composite platform for selling both travel and products.

Indian Airlines came in for strong criticism at the convention for not giving access to their computer to travel agents even though discussions have been going on for four years.
It seems the computer business is new to AI and IA. IA feels they haven't got sufficient capacity therefore they don't



want access given to travel agents because it will overload their system. However that is not quite right becaus by giving us access they will only reduce their own work. After all, you can't book more than the number of seats available. Not having this access is certainly disadvantage because we lose efficiency by not being able to give immediate confirmations to our clients We have to use telephones or send messengers and IA has set times for handling agents so it takes one or two days. But it will come — it is only a question of time.

What role do you envisage for the private sector in the development of infrastructure?
The government has accepted now tha future development in tourism infrastructure should be undertaken largely by the private sector in the fiel of hotels, transport and the tour operation business, as resources are n available in the Plan with the government. And also I think there is realisation that this industry is more private-sector oriented than public sector. Though there are a large number of hotels run by ITDC, it is t be seen what the ultimate role of IT is after our report.

Which are the geographic markets that you think the travel indust few should be looking at in the nex years?
Over all traditional marke the following markets have potential for growth in the next five years: Japan, Korea, Taiwan and Australia.

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INDO-SOVIET TRADE

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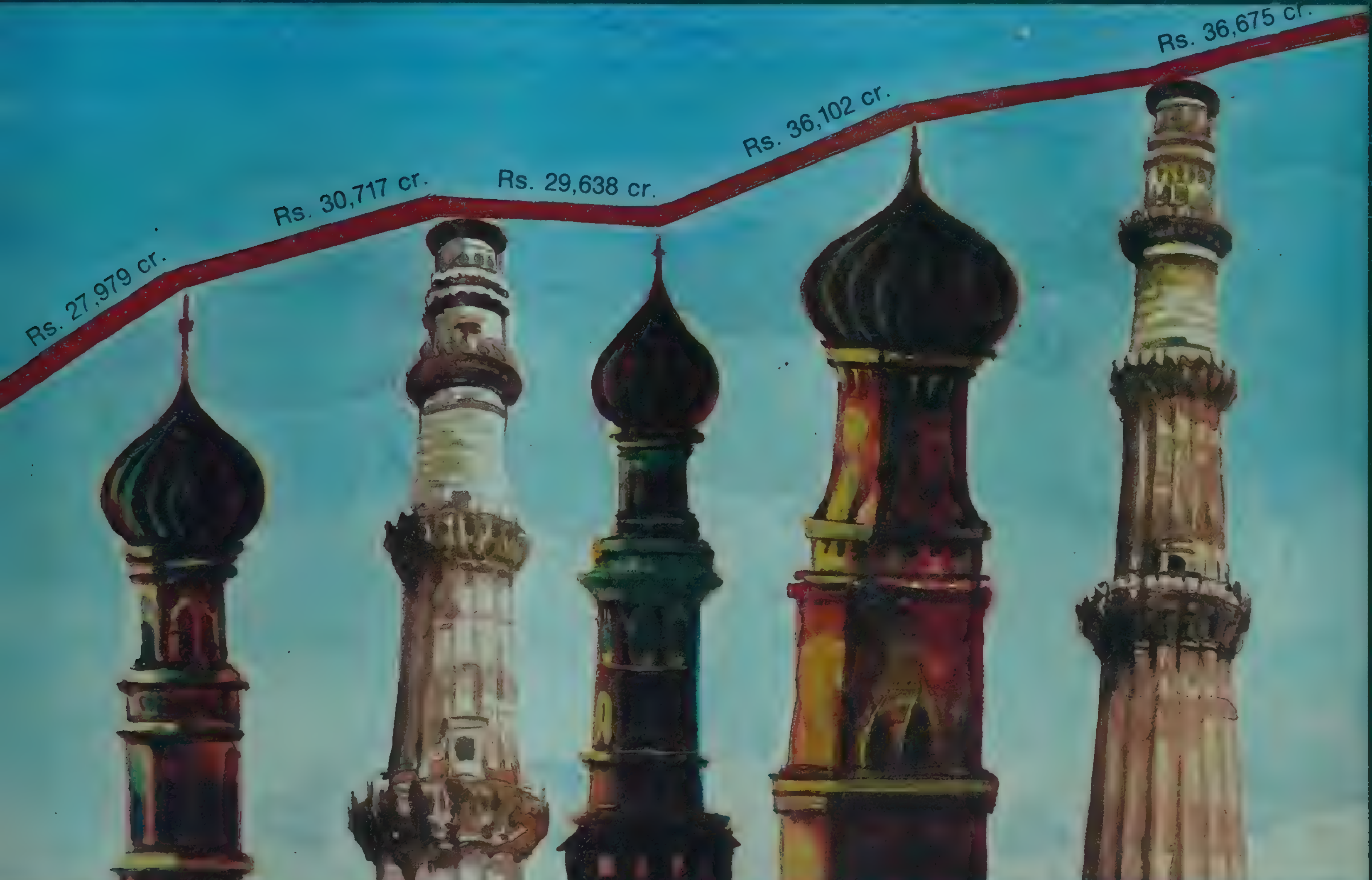
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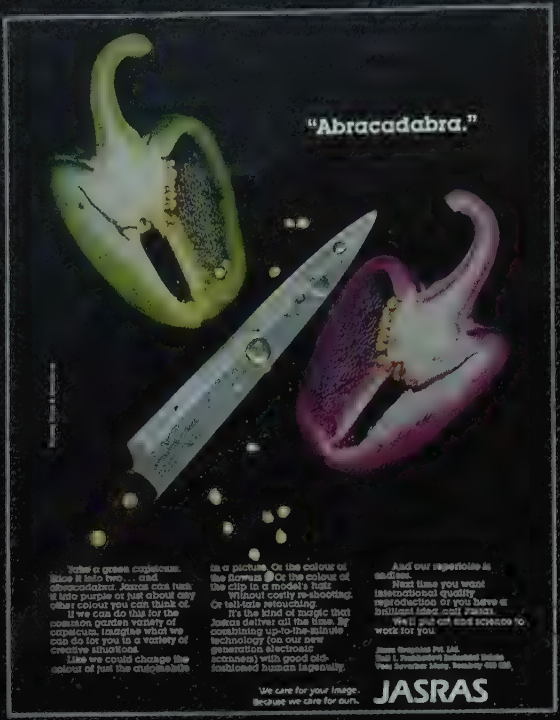

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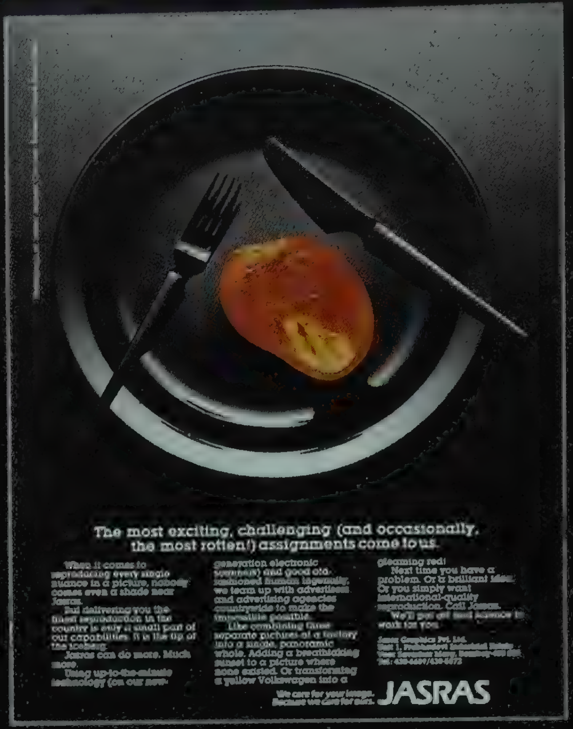

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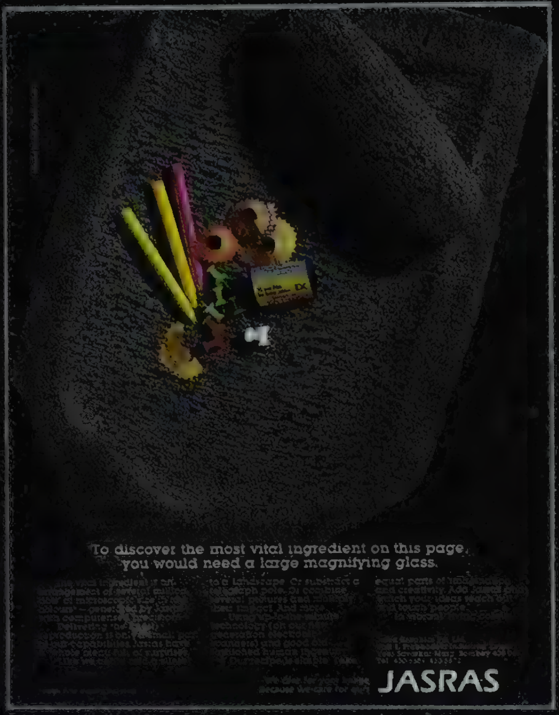

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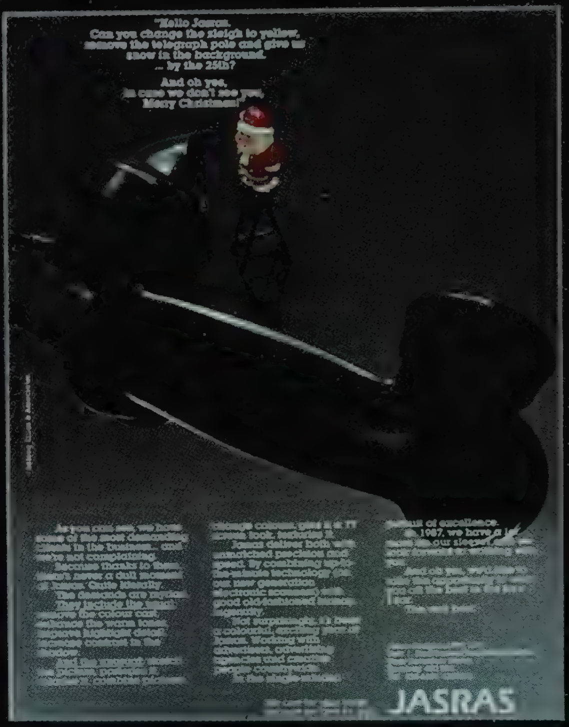

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ONTENTS

25 July - 7 August 1988 Q·450

7

11 AUG 19 271
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COVER FEATURE

53 **Indo-Soviet trade**
How much more?

A convergence of economic and political interests gave birth to the Indo-Soviet trade relationship. Trade, which has been growing rapidly since the fifties, is now plateauing off. Nevertheless, the recent changes in Soviet economic policy could give a new impetus; especially to the Indian private sector's trade with the USSR

BHARAT KARNAD

CORPORATE REPORTS

65 **Jokai India**
A buyer at last?

It does seem that Punjab National Bank has finally found a buyer for its shareholding in Jokai India Ltd. However, no one seems to know much about the buyer, Pharoah Holdings. One rumour even says that the UK company is only a front for Rajendra Sethia, Jokai's erstwhile colourful owner

MADHUMITA BOSE

73 **Lupin Laboratories**
A picture of good health

In an industry with an average growth rate of 12 per cent, Lupin Laboratories has been increasing sales 50 per cent annually for over a decade now. Its future plans are even more ambitious. In two years, it hopes to be the leader in the industry

N. RADHAKRISHNAN

79 **Orkay Silk Mills**
Spinning in trouble

Despite improved performance during 1987-88, Orkay continues to face a severe liquidity crunch. An internal assessment made last month by the State Bank of India has shown up a number of "irregularities" in the company's account amounting to Rs.19 crores. But Orkay may still be able to weather the storm

MUKARRAM BHAGAT

82 **Bata**
Locked in battle

Neither the management nor the unions of Bata India Ltd look like they're going to budge an inch over the lockout at the Batanagar factory. The West Bengal state government may have to resolve the impasse

MADHUMITA BOSE

39 CENTRE
The exchange crunch
The Reliance issue
Party time
DILIP CHERIAN

41 GOVERNMENT
The Great June Revolution
JASWANT SINGH

45 SPEAKING OUT
Organising villagers against "development"
AJIT BHATTACHARJEA

47 GUEST COLUMN
The Stockmarket
Why there are few winners
SIDNEY PINTO

84 STATES
Kerala
Karnataka

90 COLUMN
The dharmic system
and the state
MOHAN GURUSWAMY

98 TAXATION
Executive pay
Paradise lost?
KETAN DALAL

101 TECHNOLOGY
Subverting science
DINESH MOHAN

103 MANAGEMENT
Road to nowhere
ANAND MAHINDRA

106 ENERGY
Co-generation of power
Self-help for industry
S. LALITHA

109 BANKING
Badla finance
Should banks take the risk?
KEYA SARKAR

111 FOREIGN EXCHANGE
The art of minimising
foreign exchange risk
ASPI CONTRACTOR with
K. KUMAR

117 ENTERPRISE
R.K. Swamy
Seeing a door
where others see a wall
SUSHILA RAVINDRANATH

184 INTERVIEW
Maheshwar Dayal,
secretary, Department of
Non-conventional Energy
Resources
SIDDHARTH DUBE

109 Banking
143 Books
20 Businessmen in the News
25 Business Notes
39 Centre
90 Column
122 Corporate Monitor
65 Corporate Reports
53 Cover Feature
30 Debentures
35 Economic Indices
37 Economic Outlook
106 Energy
117 Enterprise
147 Executive Ladder
139 Executive Life/Style
111 Foreign Exchange
10 For Your Information
41 Government
47 Guest Column
121 International
184 Interview
131 Investor Contest
141 Jobwatch
3 Letter from the Publisher
5 Letters to the Editor
13 Listening Post
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150 National Executive Appointments
14 News and Events
137 People
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148 Reader Service
45 Speaking Out
84 States
128 Stockmarkets
98 Taxation
101 Technology

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LETTER FROM THE PUBLISHER

USSR is very much in the news. Gorbachov first created waves with his decision to restructure the Soviet economic system; and now he has proposed sweeping political changes in the way the Soviet Union should be run. There can be no doubt that in two short years he has brought about much greater change in the USSR than Rajiv Gandhi has in almost four years. And remember that Rajiv Gandhi was swept into office on a wave of hope for dramatic change.

The recent visit of President Venkataraman to USSR underscores the importance of our relations — both political and economic — with the Russians. In this time's cover story Business India takes a look at our trade with the Soviet Union. Starting very small in the early fifties, our trade, based initially on political considerations blossomed. The rupee trade mechanism worked very well both for us and the Russians. At the same time the trade helped strengthen the political linkages.

But with the changed political and economic conditions in the USSR our trade faces enormous challenges. To start with, the Russians will have much less use for the rupee trade. And second, our trade cannot grow unless the private sector in India gets involved in a much bigger way. With the Russian economy opening up and decentralising we will no longer be guaranteed markets on a government-to-government basis. At the same time with the changing nature of our trade, the Russians who so far have been used to dealing with only the public sector in India or a handful of private companies will have to learn to deal with our private sector as a whole. Only then can our trade continue to grow.

This poses an enormous challenge to our private sector. Naturally, this also is an enormous opportunity. With increasing competition at home, our industry must necessarily look to export markets to achieve economies of scale and to become truly competitive. The USSR and other East European countries are really virgin untapped markets, particularly for our booming consumer industries as well as for our knowledge-based industries like pharmaceuticals and computers. Western companies have not secured themselves in this market but the question is whether our private sector can capitalise on the head-start we have to secure these markets.

For centuries we were a great trading nation, sending our goods to all parts of the world but particularly to all our neighbouring countries including large parts of today's USSR. Can we recapture some of our former glory?

Ashok H. Advani

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ULKA-GB-17-88

•Allwyn Nissan's undoing

Your cover story on Mahindra & Mahindra's takeover of Allwyn Nissan failed to pinpoint the reason for Allwyn Nissan's dismal performance.

The main reason for the heavy losses incurred by Allwyn Nissan is the failure of the top management in running the unit. The former managing director, Seshagiri Rao was a novice in the marketing of commercial vehicles. His policies, guided by the Japanese, were not suited for promoting sales. Hence sales did not pick up and the unit went into the red.

In your cover photograph it was amusing to see that on the top right corner the Ashok Leyland symbol had crept in.

J. THARAKAN
Ernakulam

•Going the MMC way?

I read with interest the Letter from the Publisher and the Cover Feature on M&M's takeover of Allwyn Nissan (27 June). Keshub Mahindra hopes to provide marketing skills and speed up indigenisation.

However, the names of companies and their chairmen are often used to inspire public confidence. The unsuspecting public is then left high and dry. Keshub Mahindra and his company are no exception.

The Machinery Manufacturers Corporation, whose chairman he was, collected huge sums of money from the public. But despite the marketing skills and other expertise that Keshub Mahindra's professional team provided, MMC has quietly downed its shutters in Bombay. A large number of depositors who wrote to M&M are yet to receive a reply — good luck to Allwyn!

S. PURUSHOTHAMA
Bombay

•Not flying high

This refers to your cover story on Air-India (13 June).

On the eve of his assuming office about a decade back, I wrote to Raghu Raj: "Today what Air-India needs is purposeful, directional and professional dynamic leadership" and expressed the hope that he would provide the same. Like all other airlines, Air-India was also then reeling under the oil price shock dealt by OPEC. I suggested a voluntary freeze scheme on basic pay rise. My letter was not even acknowledged. The period of leadership of Raghu Raj and Capt. Bose has been the most lacklustre one in Air-India's history.

Today, right down the line no employee is sure of anything; the management's actions are killing initiative, enthusiasm and conviction. Today the management is fighting with every employee and footing a whopping legal fee bill of more than Rs.2 crores.

M.R. BORKAR
General Secretary
Indian Flight Despatchers' Union
Bombay

•Who's in charge?

The debate generated by the rivalry between the board and the management of Air-India is well presented in your Cover Feature of 13 June.

Legally construed, the board is an agent for its principals — the shareholders. It directs, guides and supervises the management through the managing director, whose position is at once that of an agent (as a director) and an employee.

In a public sector unit the only shareholder is the government of India. The head of a public sector unit is a presidential appointment. From this springs the administrative control of the relevant ministry over the management and the latter's compliance with the government's desires.

But if there is a powerfully articulate board like the Air-India board, there emerge two powerful masters — the ministry and the board — and one faithful servant — the management.

Can one servant faithfully serve two masters? Yes. Provided both masters are agreed upon a defined direction and upon areas of involvement. These can be as follows.

The Air-India board must reflect and articulate customer interests, for the directors represent customer groups, besides their distinction as entrepreneurs and managers. Having recognised the worth of the board members in providing the right guidance, the ministry must now enter into a memorandum of understanding (MOU) with the board and not with the management. In the matter of top managerial appointments, the board's recommendations must be considered. The board, representing specific customer interests, can be expected to work for better customer amenities and lower costs. The management will provide the needed impetus for growth in incomes.

With the board as an agent, to represent its principal, the government of India, there will be no need for the ministry concerned to directly involve itself in the management of the enterprise.

B. RAMACHANDRAN
Madras

•ACC's slide

Undoubtedly, ACC was once the leading cement concern in Asia. (Cover Story, 16 May). It reaped rich harvests by opening its wide horizons for transfer of technology to countries like Iraq and Saudi Arabia, but due to certain policies adopted by the then governing directors and due to some corrupt practices it was being robbed of its high dividends. Then came managing director and vice chairman Wadud Khan some two years ago, who gave a much bigger jolt to the company. During his term, which fortunately lasted only few months, as he resigned quite soon, ACC touched the pits from where it was extremely difficult to rise. The arrival of B.K. Banerjee was a good positive sign when the company was facing a crisis, but his recent policies are too strong.

ACC is certainly going through a lea period. *Business India*'s story made good reading. I hope it will keep reporting on the company.

P. RAMESH MENON
Surajpur

•An inside view

Your cover story on SBI (30 May) read like the PRO's version. Both as a manager and as a person who has put in 20 years of service in the bank let me share my opinion of the bank.

Ghosh no doubt deserves kudos for starting separate entities for merchant banking, leasing and housing. But merely setting up these doesn't serve any purpose. It is a fact (and the bank cannot dispute this) that SBI has been handling a smaller number of issues after SBI Caps was formed. In the field of leasing, the bank has issued a private circular to stop its activities as it has burnt its fingers severely.

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SUVERA

The on-the-job training about which your correspondent has written is a big joke for insiders. Training centres are asylums for officers who bungle at the branches. How can these people train others effectively?

There is a total lack of personnel policy in the bank. It is a shocking fact that SBI is fighting at least 30 personnel policy cases in court. The bank, in 1988, is still processing 1985 batch promotons. Transfers and postings are often arbitrary. For instance a colleague of mine who specialised in foreign exchange for six years in Calcutta and on whom the bank had spent thousands of rupees in training was recently posted in a rural branch in Madras circle. He is thinking of quitting the bank.

SALIL CHOUDRY
Manager (Recon)
State Bank of India
Calcutta

• Inaccurate claim

This refers to T. Ganguli's letter (16 May). It is surprising to note Ganguli's claim that he was "heading TTCI". At no stage was this so. Ganguli was the financial adviser and chief accounts officer, a post below that of a general manager of this corporation. For a period when TTCI did not have any chief executive, Ganguli, as chief of finance, was a member of the committee of management along with two other persons one of whom was clearly senior to Ganguli hierarchically.

S.N. MAJUMDAR
Tea Trading Corporation of India
Calcutta

• A meaningless index

The introductory paragraphs of S.C. Kuchhal's article on capital productivity (18 April) are largely borrowed from Drucker's 1975 *Wall Street Journal* article, "Managing Capital Productivity" published later in two of his books.

Having raised lot of questions (courtesy Drucker) on managing the productivity of fixed and working capital, the author goes on to expound his single number index to "overcome the shortcomings" of indices that really are measures of sub-components of productivity. And yet finally, his claim that the index is indeed useful, is based on the individual components and not on the single number. Anyway, neither his index nor its components answer the borrowed questions.

The index confuses productivity with the other dimensions of business performance. Liquidity and market appraisal are not productivity, despite all the "brainstorming". The overall score is meaningless as it aggregates sub-ratios with the parent ratio (Ratios 2, 3 and 5 are sub-sets of Ratio 4). The use of an example does not amount to testing, which would require the single number to have a specific purpose that has been proved empirically. The overall score only enables a ranking based on arbitrary score groupings. The comparative productivity of all/owned capital could have been gleaned more readily from a direct ranking of the ROI and ROE measures used.

N. MEENKUMAR
Madras

• Management of disasters

Dinesh Mohan's article on the lessons from Bhopal (30 November) deals with almost all the points relevant to transfers of technology barring one: Where and when does the responsibility of the local management start?

It is not realistic to think that manuals on the process and attendant safeguards or any written or verbal information from the "seller" of technology can cover the risks which the buyer has to assume entirely. My experience is that "buyers" are not usually equipped with sufficient knowledge of the process they are going to apply; not having understood it completely, they are not free to decide to reject a process. The decision to accept or reject is made by financiers or on political grounds which have little to do with the technical aspects of the problem, and even less with the safety aspect. On the other hand, the seller of the technology cannot have total control of the conditions in which the said technology is going to be used.

The "technical" buyer should have a "veto" right on all safety aspects and be put, vis-a-vis his own management, in a protected position if he refuses to acquire a process he is not certain he can fully master. One could very well imagine a sort of "tribunal" which the technical manager could have recourse to if he finds his own top management does not take his warnings seriously.

MICHEL JAOUL
Paris

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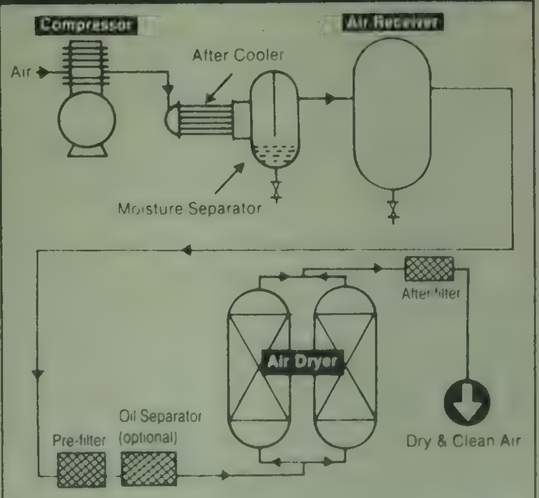
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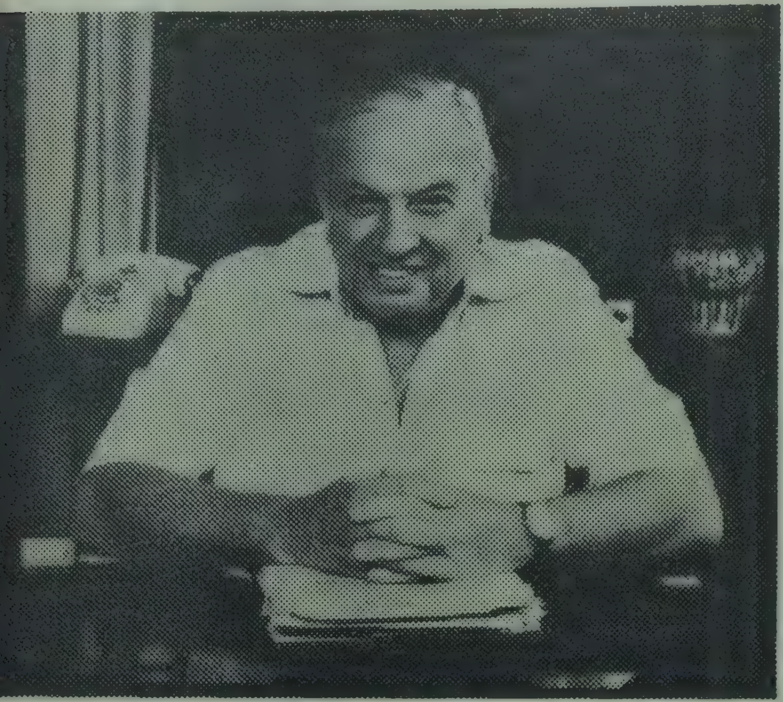


Chairman's Statement

TATA

The following is the statement of Mr. Russi Mody, Chairman of The Tata ron and Steel Company Limited, for he year 1987-88.

A Year of Progress

The production and profits for the year 1987-88 have been satisfactory, and for he seventh consecutive year, we have chieved an all-time high in production ithout the addition of any new facilities. lay I, therefore, say a big 'Thank you' to all ur employees for their unremitting toil, and o their various Unions throughout the ountry for co-operating with us and giving s a helping hand in all that we do. The enefits derived by the Company and the mployees from this co-operation are there or all to see.

PRACTICAL SOLUTION

I would like to take this opportunity of anking the Government for the very ractical and statesmanlike solution of the xcise problem which had plagued us for e last two years. This has resulted in the ompany's name being removed from the t of companies which were being treated ss preferentially. With this problem behind s, our various schemes of modernisation, versification and collaboration have ready received a new fillip and we are opeful that they will go through in the not o distant future.

The Government are also to be mplimented on their handling of the ought situation. The drought last year was e of the worst we have ever experienced, d was a real strain on the agricultural rastructure. There is bound to be some ect on the economy of the country, but the whole, according to the figures ailable to us, inflationary pressures have

INVESTMENT ALLOWANCE

4. The Government have announced that the investment allowance scheme under the Income Tax Act, which was discontinued for the year 1987-88, is being re-introduced from the financial year 1988-89. Although the actual amendment is expected to be placed before Parliament in the forthcoming monsoon session, the Government have also announced that the scheme will be on the same lines as in the past and it is, therefore, assumed that the steel industry will be within the purview of the scheme. While its re-introduction is most welcome, it will, however, not be applicable for the 1987-88 financial year under review.

PERFORMANCE

5. Our performance reads like 'The Guinness Book of Records', starting with raw materials and ending with marketing, records were achieved in every sphere by well co-ordinated activities of all the Divisions and Departments of the Company. Our new units, like the LD Shop and the Bar and Rod Mill have performed very creditably. There was also a welcome change in the product-mix, with the proportion of semi-finished steel being lower by 9% than in the previous year. This has resulted in an increase in realisations and margins during the year. The production of the Works would have been higher but for the shortage of steel scrap/hot briquetted iron/sponge iron.

6. Although our blast furnaces gave an outstanding performance, we feel that, with greater know-how and techniques, we can improve on our existing blast furnace productivity. For this purpose, we have entered into an agreement with Thyssen Stahl AG of West Germany to help us.

MODERNISATION AND DIVERSIFICATION

7. After intense discussions among ourselves

have placed before the Government a proposal to increase our saleable steel capacity to 2.7 million tonnes per annum, to be achieved in 36 months from the date all Government approvals are secured. Financing proposals for this project are simultaneously being finalised. The programme, when implemented, is likely to include important new finishing facilities, improved communications and additional power.

8. Government clearances have been secured for TATA KORF ENGINEERING SERVICES LIMITED (TAKES) which is effectively in operation now. Among its major new assignments is likely to be the setting up of a new 80-tonne Energy Optimising Furnace (EOF) at Jamshedpur. The shareholders' approval is being obtained at the forthcomig Annual General Meeting for investing an amount up to Rs. 12.02 lakhs, equivalent to about 60.1% of TAKES' share capital of Rs. 20 lakhs. With this investment, TAKES will become a subsidiary of the Company.

9. Much preliminary work has been done and advance action initiated so that, as soon as the Government clearances are received, the project for the manufacture of tapered roller bearings under TATA TIMKEN LIMITED can be implemented within the next few months.

10. Our Bearings Division, Kharagpur, produced 3.722 million bearings in 1987-88 and its sales stood at 3.758 million bearings, representing an increase of 3% over the previous year. However, we are still not out of the woods, and this Division will only yield returns after a major expansion. For this, a technical collaboration agreement with Steyr of Austria has recently been signed for upgrading existing facilities and increasing production to about 10 million bearings per

STEEL

PRICES

11. Following on the last increase of 21st February 1985, steel prices were increased again in December 1987 after a gap of 33 months to partially compensate for cost escalations which took place during this period, and also to augment the Freight Equalisation Fund of the Joint Plant Committee which was running into a deficit. Unfortunately, some confusion prevails in this area arising out of the dual nature of steel prices, one for home markets and another for exports and international trade. Our home prices have often been compared with those prevailing in international markets. Today, in spite of some revival in demand, world steel capacity far exceeds demand, thereby giving rise to dumping and artificially low prices in international trade. Our home prices compare favourably with those prevailing in the home markets of other countries in spite of much higher State levies such as excise, Steel Development Fund and other dues. Even today, in India there are large escalations in infrastructural inputs such as coal, fuel oil, electricityand railway freight, which remain uncompensated and, therefore, our profits are also the result of capacity utilisation which has been well over 100% for the last few years.

EXPORTS

12. In keeping with the priority accorded to exports by the Government of India, your Company is devoting special attention to develop this activity. The Company's foreign exchange earnings grew to Rs. 23 crores during the year from Rs. 4 crores in the year 1986-87. Besides promoting exports of our own steel and mineral based products, the Company has successfully established promotion of a few natural products which have an advantage in originating in India.

MAJOR THRUST

13. The year 1987-88 also saw the initiation of a major thrust in the area of quality and customer satisfaction. Unfortunately, steel companies have been operating in an environment at home, where the need to pay attention in these directions was not felt in the past. With imminent changes in the market at home and a 'must' if we wish to stay in markets abroad, your Company has launched a major quality drive encompassing all facets of the Company. Sustained and continued efforts over the years are called for in this direction, and a good beginning has been made. I do believe that the quality of a product is commensurate with the quality of life of the worker who provides it. We are paying attention to both aspects.

QUALITY OF MEN

14. Recognising that ultimately it is the quality of men that determines the performance of an organisation, your Company has taken new steps in the direction of training and grooming successful executives. A new Human Resources Department has been structured. It is expected to take a comprehensive view of the above subject, including recruitment, training and career planning. A new Management Development Centre has been built at Dimna Lake, near Jamshedpur, which is a unique facility located in an ideal setting. It has the capacity to accommodate as many as 40 persons for a residential programme. This campus has added a new dimension to our lives in Jamshedpur and is already in much use.

TATA FOOTBALL ACADEMY

15. The Tata Football Academy (TFA), established in January 1987, has recruited 26 boys selected from all over India. The TFA participated in 1987-88 in a few tournaments, such as the senior Rovers Cup Tournament in Bombay, Sanjay Gandhi Memorial Gold Cup at Patna and two tournaments in West Bengal. The boys acquitted themselves creditably in these tournaments. Five of the best boys of the TFA were sent to the famous Sau Paulo Club of Brazil in order to give them international exposure and provide them with coaching lessons from world class coaches.

APPRECIATION

16. Finally, I would like to add a word of thanks to the Government, both at the Centre and in the States in which we operate, as well as to the Financial Institutions who have at all times been a tower of strength to us. Above all, we owe a debt of gratitude to the shareholders for their unstinted support which has been forthcoming at all times, as demonstrated in particular by their enthusiastic response to the recent Rights issue despite depressed market conditions, knowing as they do, that we strive on their behalf.

Russi Mody

BOMBAY, 23rd JUNE 1988 (RUSSI MODY
CHAIRMAN

Note: This does not purport to be a record of the proceedings of the Annual General Meeting.

Banking brothers

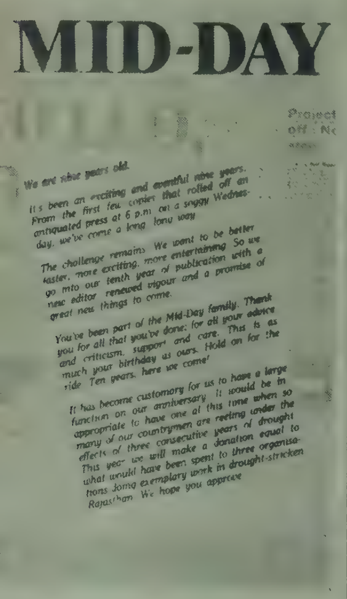
Saudi Arabia's only Islamic bank, the al Rajhi Banking and Investment Corporation, opened for business this year. It is controlled by four brothers who in 1978 formed the al Rajhi Company for Exchange and Commerce, now Saudi Arabia's biggest moneychanger.

The al Rajhi's moneychanging business started 35 years ago in Jeddah and Riyadh. One of the brothers bought gold in Jeddah and Mecca from pilgrims and shipped it to another brother in Riyadh where it fetched a better price. The method of transporting the gold was very unusual. A traveller was simply given a bag of gold and told that someone would meet him at the other end. Apparently, the brothers never lost a shipment!

Their moneychanging business now has 230 branches and more than 4 billion Saudi riyals ($ 1.1 billion) in non interest paying deposits. Islamic banks do not pay interest or change it on loans. Instead they seek capital gains. So the al Rajhi bank will trade foreign exchange and buy and sell goods or take a share in a company or project it is backing.

S.D. TANGA, *Pune*

Cutting down and helping out



MID-DAY

We are nine years old.

It's been an exciting and eventful nine years. From the first few copies that rolled off an antiquated press at 6 p.m. on a soggy Wednesday, we've come a long, long way.

The challenge remains. We want to be better, faster, more exciting, more entertaining. So we go into our tenth year of publication with a new editor, renewed vigour and a promise of great new things to come.

You've been part of the Mid-Day family. Thank you for all that you've done: for all your advice and criticism, support and care. This is as much your birthday as ours. Hold on for the ride. Ten years, here we come!

It has become customary for us to have a large function on our anniversary. It would be in appropriate to have one at this time when so many of our countrymen are reeling under the effects of three consecutive years of drought. This year we will make a donation equal to what would have been spent to three organisations doing exemplary work in drought-stricken Rajasthan. We hope you approve.

t has become almost ustomary for organisations o contribute their mite to elp drought affected egions. They usually do this y cutting down on their ndulgences, handing over he money they would have pent to relief funds instead. nd so it is with *Mid-Day* ow. Celebrating its ninth nniversary this year, the aper will forgo its nniversary bash to aid a ause instead.

Information mill

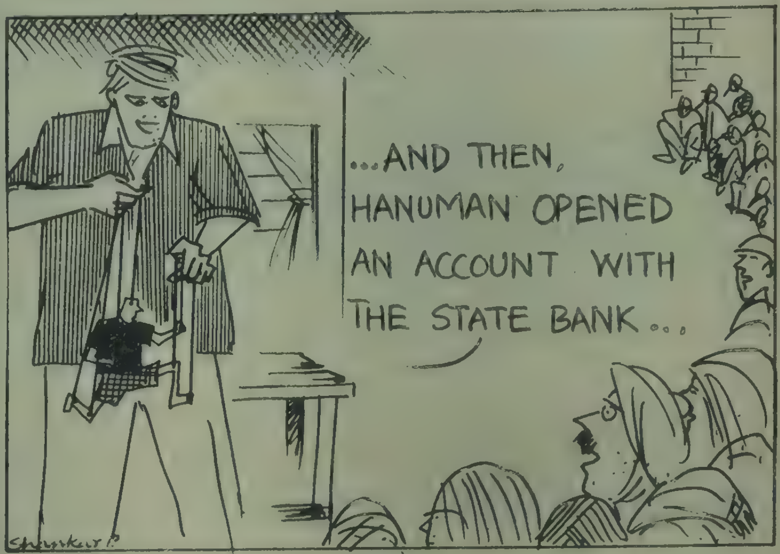
The Press Information Bureau (PIB) provides information to the media and press releases account for a substantial part of the written material it issues.

Last year, 33,395 public releases were distributed to 7,937 dailies and periodicals. Of these, 11,918 were in English, 8,676 in Hindi and 5,147 in Urdu.

Apart from press releases, the PIB also issued 2,036 feature articles in 14 languages. The PIB has a features unit and a special service cell precisely for this function.

The bureau also provides feedback to the government through a press clipping service and a public reaction analysis unit. A daily compilation of news clipping and editorials are sent to Union and State ministers and secretaries of various departments to keep them informed on public opinion. Last year, 1.3 million press clippings from English newspapers and 175,000 from Hindi newspapers were distributed to various government departments.

They do it with mirrors


...AND THEN, HANUMAN OPENED AN ACCOUNT WITH THE STATE BANK...

When it comes to mobilising deposits, Indian banks can be ingenious. Last year, the State Bank of India's Bombay circle struck upon a novel idea to tap rural savings — puppet shows. Govardhan Bhat, a puppeteer of repute, was hired to perform in 40 villages in Maharashtra. Bhat's technique struck the right chords among the village folk — his stories, which had mythological themes, had messages about saving and banking with the State Bank of India weaved in.

Bhat's shows, for which invitations were distributed among the local population in each village by the bank's branch network, were timed to coincide with the villagers' receipts of substantial sums as compensation for land acquired by the government, for various projects. The bank found the exercise cost-effective in no small measure — Bhat was paid Rs.20,000 for his effort, and the bank raked in Rs.8 crores by way of deposits.

Sufficiently encouraged, the bank plans to take magic shows to the villages this year — are villagers to be hypnotised into opening bank accounts?

S.P. *Bombay*

Left holding the baby

A day's delay in deciding the future of a shipping vessel costs a shipbuilding yard Rs.20,000 in maintenance costs. This is the predicament that Hindustan Shipyard Limited (HSL) finds itself in as the bulk carrier *Lok Rajeshwari* lies idle in its docks for the last three-and-a-half months.

The surface transport ministry is unable to decide whether the vessel should be auctioned to a private firm or handed over to the Shipping Corporation of India (SCI). The vessel originally belonged to Moghul Lines, which has now merged with SCI, and so, like all other assets of the company, it should become the property of SCI. However, for some reason, the vessel was not included in Moghul Lines' list of assets.

Thus, while the fate of the ship hangs in the balance, Hindustan Shipyards must dole out Rs.20,000 a day.

RAJIT WADHWANI, *New Delhi*

Of great men and their matters

With a budget running into more than Rs.500 crores, Bombay Municipal Corporation manages more money than many of the state governments in the Indian union. And thus one would think that the 140 councillors who make up the deliberative wing of the corporation would have their hands full with the problems of the giant metropolis — from bad roads to traffic jams, from leaking sewerage to stinking garbage dumps, from detecting AIDS among prostitutes to checking corruption at octroi check posts, etc etc etc. But all these would seem mundane and humdrum if one goes through the agenda of some of the monthly meetings of the corporation. The city fathers, the denizens of the metropolis find, are preoccupied with subjects, which some would call outright kinky. Take for example the ever active Mr. Iqbal Patel. Changing names of roads and parks in the city is an old penchant of the city politicians, but Mr. Patel has raised it to the level of an art. For the Ordinary Meeting of the Corporation held on 7 July, Patel was responsible for as many as 23 of the 147 Notices of Motions moved by individual members. At first blush that would make him look like the most conscientious of the people representatives in the House; after all none of his other colleagues wanted so many things discussed at the meeting. But wait.

Don't be misled. This is what Patel wanted to be done: Notice of Motion No 49 — For renaming Mori Road as St. Michael Church Road.
No 52 — For naming the road leading from Kapad Bazar, Mahim to Sitala Devi Temple as Ram Mandir Marg.
No 63 — For naming the chowk near Haji Usman Suleman Mithaiwala Shop, Mahim, after Shri Haji Usman Suleman Mithaiwala.
No 65 — For naming Mahim Causeway Road starting from Aliyavar Jung Marg to L.J. Road and S.V.S. Marg after General Arunkumar Vaidya.
No 82-84 — For naming the chowk near the Kally Hotel and Wanzewaidi after Deen Mohamed Jumai; Corner of Kapad Bazar and Wanzewadi after the late Purshotam D. Joshi and Mahim Bazar after the late Tukaram Patil.
No 90 — For naming the lane opposite Allied Industrial Estate connecting Navjivan Colony at Mori Road after Prof Ram Panjawani.
No 100 — For expressing an opinion that the Municipal Councillors be termed Public Servants.
No 114 — For starting a train known as Garib Nawaz Express from Bombay to Ajmer directly.
No 129 — For naming the chowk at the intersection of Lohar Chawl and L.J. Cross Road No 2 at Mahim after M. A. Latif.
No 136 — For naming the chowk intersecting Lohar Chawl and Balamia Cross Lane as Hafiz Mohammed Saye Chowk, etc etc.

So much for the city of Bombay and its fathers.

NR, *Bombay*

Cheaper to fly

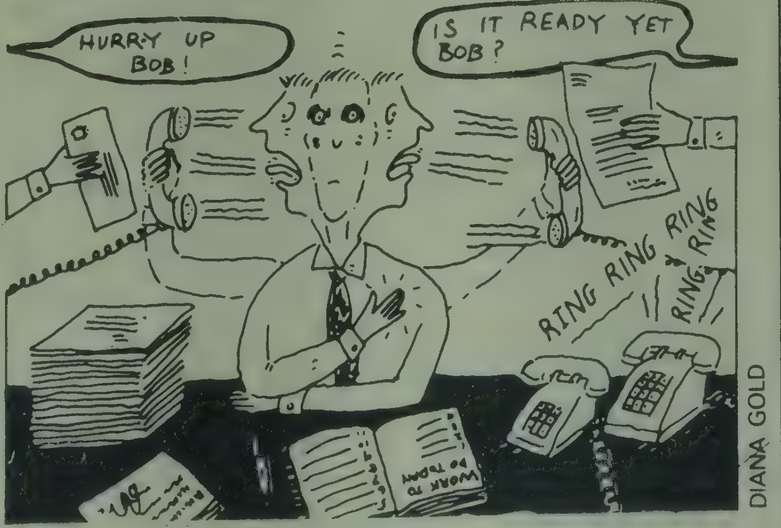
Transporting a Premier or a Maruti by Indian Airlines from Delhi to Madras costs about Rs.4,000. But if you send it by train, it costs Rs.7,000. This large difference is because the Railways charge on the basis of wagon space and the time duration for which the car is in the wagon. It's cheaper to fly, in this case.

K.P. PACHISIA, *Calcutta*

Business India invites readers to send original, unpublished contributions to this page. The snippets can be humorous, insightful, outrageous or simply, informative. Each snippet must carry this coupon.

Rs 50 paid for each published contribution.

The cost of stress



Last year, mental disorders caused by stress accounted for nearly 11 per cent of all occupational disability claims in the US. In fact, according to the US National Council for Compensation Insurance, stress-related psychological disorders are the third most disabling condition, after musculoskeletal injuries and circulatory disorders.

It is estimated that American employers spend more than $300 million to replace the 200,000 men aged 45 to 65, many of whom are managers, who die or are incapacitated by coronary heart diseases each year. At Xerox, for instance, the cost of losing one executive to a stress-related illness like heart disease is $ 600,000.

Cryptograms confronting commuters

Looks like there is a crossword puzzle buff in the state transport department in Baroda. If you're travelling in the city, for instance, dont be surprised if you come across a bus flaunting a destination board that reads 'Bulldozer'. It just means that the bus plies between Baroda station and Gujarat Tractors Corporation Ltd, which does produce bulldozers, but then that's neither here nor there. Similarly, if you spot a bus that says 'Research', it means the bus is returning to the state transport depot adjoining the Gujarat Engineering Research Institute! This bizarre practice might keep game freaks happy, but for the average commuter, it's a frustrating experience.

S. M. NAIR, *Baroda*

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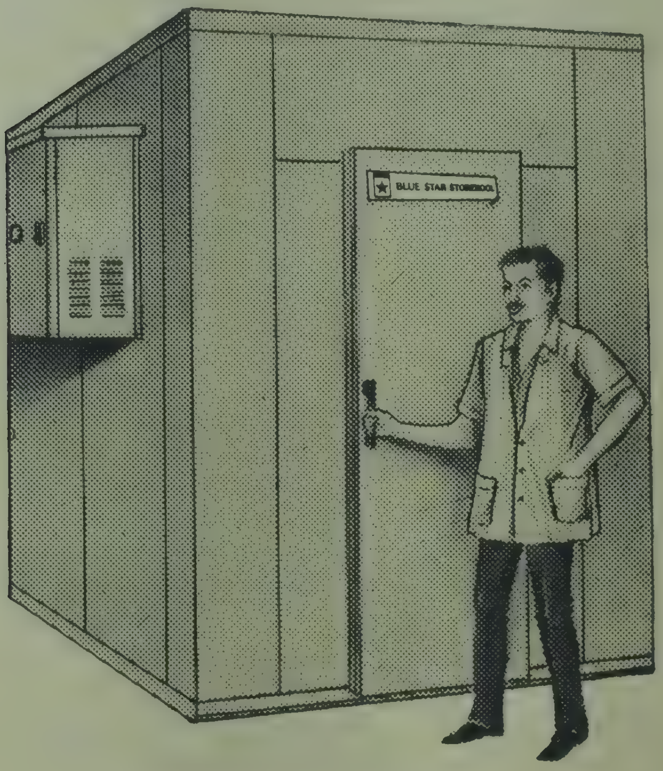

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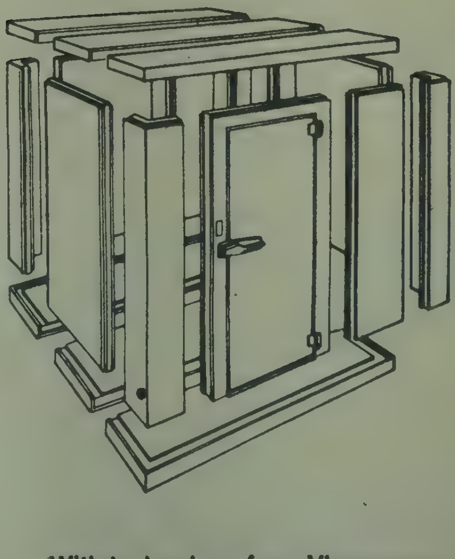

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- *** Industrial uses – storage of chemicals, drugs, industrial perfumes, photographic films.**
- *** Research and Testing Institutes – where temperature and humidity control of test products is critical.**

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Dunlop out of Goenka fold

The Goenka-Chhabria tussle in the joint management of Dunlop has reportedly been settled. The induction of Kishore Chhabria on the board of Dunlop India is seen as the beginning of a complete takeover by the Chhabrias rather than a new management arrangement between the two groups.

Apparently, a deal was wrapped up in London on 8 July whereby the Goenkas agreed to sell their stake in Dunlop. Bombay corporate circles are in heated speculation about the consideration which is estimated to be between 25 to 30 million pound sterling.

With Dunlop (1987-88 sales: Rs.424 crores) out of its fold, the RPG Enterprises group will shrink in size by roughly half. The Chhabria empire's turnover, on the other hand, will double to nearly Rs.900 crores.

So far, Dunlop India had been entirely managed by the Goenkas and their men. The Chhabrias appeared to be like sleeping partners. Sanjiv Goenka, the younger son of Ramaprasad, has been the deputy managing director of Dunlop India since its takeover by the Chhabria-Goenka combine in 1984. He is now expected to step down. Obviously, something crucial upset the *modus vivendi* and the Goenkas felt compelled to throw in the towel. Their relationship with the Chhabrias got strained about a year ago. So this is not an entirely unexpected development.

ACC board changes

It is only a matter of time now, some say days, before major changes take place in the 19-member board of directors of Associated Cement Companies (ACC). The Industrial Development Bank of India (IDBI) has reportedly indicated that the board should be recast with the induction of younger directors.

Following the recent debenture issue bungle, two Tata group companies — Tata Chemicals and Tata Tea — controlled by chairman Darbari Seth, have emerged as the largest non-institutional shareholders. Mahendra Swarup of Paharpur Cooling Towers, Calcutta, sold off to the Tatas the 400,000 shares he was allotted last month. In the process he has made a cool profit of Rs.3 crores. Now it seems certain that Seth, whose application for debentures was earlier rejected as *"benami"*, will find a seat on the board.

Meanwhile, B.K. Banerjee, executive vice-chairman and managing director of ACC, is believed to have tendered his resignation to the board last fortnight. It was, however, not accepted and Banerjee has been asked to reconsider his decision. A few months ago too, he had put in his resignation but it was not accepted. At that time perhaps because of the speed with which events overtook ACC, he did not push the matter. Some people say that Banerjee is basically "an engineer" who is not very comfortable in the MD's "hot seat". Others say that he has been made to carry the can for the debenture bungle. Hence the decision to quit.

Ambanis eyeing L&T?

According to some people in the know, the Ambanis of Reliance Industries Ltd are keen on taking over the Rs.567-crore engineering giant, Larsen & Toubro Ltd (L&T). In fact, it is believed that the takeover is "imminent".

The Rs.51.99 crores paid-up capital of the company is widely held by the public; the institutions have a 40 per cent stake. The single largest non-institutional shareholder is chairman N.M. Desai who owns 1.5 per cent of his company's equity. If the grapevine is to be believed, the Ambanis are using their considerable clout in South Block to ensure that the institutions back them in their bid for L&T.

Meanwhile, it was reported last fortnight that takeover artist, Manu Chhabria, has acquired control of 1.5 per cent of L&T's equity with the transfer of 1.75 lakh shares in the name of certain companies controlled by him. Earlier, Aditya Birla was also reported to have been interested in acquiring L&T.

N.M. Desai turns 65 on 25 March 1989. If he calls it a day, corporate circles wonder, who will be the next person to occupy his distinguished seat? If not a professional manager of L&T, will it be a Chhabria, a Birla or an Ambani?

Moving house

For some years now, chairmen of companies have been leaving Calcutta and basing themselves in Delhi without transferring the head offices of their companies. Britannia, Lipton and Brooke Bond moved their offices as well as thei senior staff out of Calcutta. But the firs company to move its chairman out o Calcutta while leaving many senior executives in Calcutta was the ICI grou (currently called IEL Ltd).

The most recent case is that of Jagdish Sapru, chairman of ITC, who has move to Delhi ostensibly for handling th Rs.800-crore excise dispute with the central government. It is expected that th move will become permanent very shortl as he has found a house there. The rest o the senior directors will hold fort i Calcutta.

Mahindras to buy GKW plant

Close on the heels of the MOU to tak over the joint sector light commercia vehicle manufacturer, Allwyn Nissan Lt Keshub Mahindra of Mahindra & Mahindra may soon clinch a deal for th purchase of a press shop owned by th ailing engineering firm, Guest Keen Williams Ltd (GKW). Negotiations are believed to be at an advanced stage.

Located at Kanhe near Pune, this modern press shop turns out precisio pressed sheet metal components of both LCVs and heavy vehicles. It was set u recently in June 1984 at a cost of Rs.1 crores. Despite a turnover of Rs.6 crores a year, the unit continues to lose money.

For the Mahindras, this acquisitio would mean one step further in consolidating their position in the automobil industry. And for Guest Keen Nettlefol UK, the parent company which owns 4 per cent of GKW's equity it means curtailment of its operations in India — an objective it is keenly pursuing.

Merger fall-out

There is talk of a possible restructuring the Indian operations of Asea and Hindustan Brown Boveri. It was only a fe months ago that the Geneva-base Brown Boveri Corporation merged wit Asea of Sweden. There are reports that common chief executive for India ma soon be appointed in place of the tw managing directors, K.N. Shenoy and A. Thiagarajan of HBB and Ase respectively.

If that happens who will the new chi executive be? Shenoy, Thiagarajan or newcomer?

Food production up

According to a study by the Associated Chambers of Commerce and Industry of India, food production in the current year is expected to rise to 166 million tonnes and to 170-173 million tonnes by next year. This contrasts with last year's production which the study has estimated at 137-139 million tonnes. The study argues that to achieve a 6-7 per cent growth rate in GNP by the end of the first decade of the next century, the agricultural growth rate should increase in value terms to 3.5-4.5 per cent.

FICCI formula for unclaimed dividends

An expert group of the Federation of Indian Chambers of Commerce and Industry has recommended to the government that unpaid and unclaimed dividends should no longer accumulate in company coffers. In order to help reduce the accumulation of unclaimed dividends which arise mainly due to the death of shareholders and subsequent litigation, the group has suggested that each shareholder should nominate an heir to whom the shares and income accruing could devolve.

PM's council reconstituted

The prime minister's economic advisory council, a body which makes recommendations on specific issues relating to economic policy and development, has been reconstituted. The new council chairman will be Sukhamoy Chakravarty and the other members will be K.N. Raj, S.S. Johl, Kint Parikh and C. Rangarajan. The council's secretary is S.R. Hashima. The term of the council will be two years.

Closure of unviable mills facilitated

The centre has evolved a new method to facilitate the closure of unviable textile mills and look after the interests of workers unemployed as a result. The provisions of the textile rehabilitation fund, provided for in the new textile policy of June 1985, have been amended. The fund will now be made applicable to mills whose assets have been taken over by the official liquidator even without formal permission under Section 23 (o) of the Industrial Disputes Act. In the past, state governments have been reluctant to give permission for closure.

Surplus budget for Tripura

The chief minister of Tripura, Sudhir Ranjan Majumdar, presented a surplus budget with no additional taxes. The state's annual plan has been fixed at Rs.146 crores compared to last year's allocation of Rs.124 crores. The North Eastern Council's allocation for the state was raised to Rs.18.29 crores for the current financial year. The education department with an allocation of Rs.85.77 crores, received the highest priority in the budget with 15.76 per cent of the total budget.

Auction of treasury bills every fortnight

The auction of 182-day government of India treasury bills, which has been held on a monthly basis, for the last 20 months, will now be held on a fortnightly basis. The auctions which were recommended by the Sukhamoy Chakravarty Committee, in its report on the short term money market, to help make the money market more broad-based were launched in November, 1986.

Though the auctions received a desultory response earlier, interest in them has perked up in the last three months. This is largely a result of banks being goaded by both the Reserve Bank and the Discount and Finance House of India to trade in the bills, not only for their own benefit but also for activating the short-term money market.

GEB to undertake hydel schemes

The Gujarat Electricity Board has announced plans for undertaking several macro-hydel schemes of the proposed Narmada project. The decision was taken at a meeting between Jashwant Mehta, chairman, Gujarat Electricity Board and Sanat Mehta, chairman, Sardar Sarovar (Narmada) Development Corporation. The Board has proposed that seven projects would be taken up for construction by 1993-94.

Incentive for captive power generation

The union government has reduced the import duty on machinery and equipment for captive power generation by industrial plants. A notification, by the finance ministry, has fixed the new import duty at 35 per cent ad valorem on sets of capacity between 2.5 MW and 50 MW, provided that the sets use low sulphur heavy stock or heavy petroleum stock and are not project imports. The duty is 25 per cent for sets above 50 MW.

Rice imports from Thailand

India intends to import 500,000 tonnes of rice, worth $122 million from Thailand to meet the deficit in grain production caused by last year's drought. An agreement has, reportedly, been reached between the Thai and the Indian government. India is expected to receive 100,000 tonnes of rice by the end of July.

FICCI proposes higher growth rate

The Federation of Indian Chambers of Commerce and Industry has released an approach paper in which it has projected alternative scenarios for the growth of the Indian economy between 1989-90 and 2009-2010. The paper entitled "Doubling the growth rate by the turn of the century" advocates an increase in the growth rate to at least six or seven per cent. With the current growth rate, the report says, it is not possible to meet the twin objectives of taking the Indian economy to new heights and providing people with a decent level of living.

Status report on foreign collaboration

The National Register of Foreign Collaboration has prepared a status report on whether foreign collaborations for technology are required for 15 products. The products are ampicillin, penicillin G-V, mopeds, dry cell batteries, diesel engines, pre-calcinators, DMT and polyester staple fibre, material handling equipment, refrigeration compressors, SF-6, circuit breakers, cooling towers, photocopiers, HDPE, foundry moulding machines and acetylene black.

Among the recommendations made are that import of ampicillin and 6 APA may not be necessary unless radically improved technology is available abroad. However, the study on penicillin G-V states that both in yield and recovery, Indian industry lags far behind its counterparts abroad.

Easier assistance for entrepreneurs

The Union government has relaxed norms for providing assistance to new entrepreneurs under the newly set up National Equity Fund. Earlier only units set up in towns with a population of 500,000 were eligible; now units located in towns with population of 1.5 million or below are eligible.

Co-ordinating cell for sick units

A special cell has been set up in the Reserve Bank to function as a clearing house for information and also as a coordinating agency between the banks, financial institutions and other agencies related to sick units and the government.

Speaking to a meeting of the parliamentary consultative committee attached to the industry ministry, Union Industry Minister, J. Vengala Rao, said that the government had taken several other steps to rehabilitate sick industries. These include income tax concessions, relief to sick small scale industries and enforcement of the Sick Industrial Companies (Special Provisions) Act, 1985.

More funds for tea plantations

The Tea Board has revised the existing rates of finance for the tea plantations' finance scheme. Under the scheme, gardens in the plains will get Rs.69,000 per hectare against the earlier allocation of Rs.25,000 per hectare. The Darjeeling gardens will get Rs.79,000 per hectare against Rs.31,000 per hectare allotted earlier. The new rates will come into effect immediately and have been arrived at on the basis of a study conducted jointly by NABARD and the tea industry.

Foreign consultants for gas transportation study

The government has decided to appoint foreign consultants to prepare a feasibility study for transportation of natural gas from Tripura to West Bengal. About six foreign consultants are believed to be interested in undertaking the study. This is in response to a global tender recently floated by the Gas Authority of India Limited. Among the bidders are British Gas, Safre Gaz of France, Ruhr Gas of West Germany and Canadian Gas. The bids are currently under evaluation.

Food processing ministry set up

The newly constituted ministry for the food processing industry will be given charge of industries like bread, biscuits, fish and fish products, aerated waters, grain milling, process fruits, vegetables and instant tea. However, promotion of exports of some of these items will continue to remain the responsibility of the commerce ministry. Licensing of these items will be dealt with by the finance ministry.

One more thermal power station for WB

The Damodar Valley Corporation (DVC) has received clearance for setting up a thermal power station at Maithon, West Bengal. Initially, it was planned to set up three 210 MW units at an estimated cost of Rs.790 crores. However, DVC has received the centre's consent to make a feasibility study for an additional 210 MW unit. DVC's Mejia thermal power station and the three 210 MW units at Bankura are expected to be fully operational by the end of 1990.

Poverty on the rise

Poverty in the developing countries is on the rise, warns the World Bank in this year's world development report. Between 1970 and 1980, the number of people with inadequate diets in the developing countries (excluding China) increased from 650 million to 730 million.

Since 1980, says the report, matters have turned from bad to worse. Economic growth rates have slowed, real wages have dropped, and growth in employment has faltered in most developing countries.

IDBI concludes yen-dollar swap

The Industrial Development Bank of India (IDBI) has entered into a currency-cum-interest swap deal with Salomon Brothers, Tokyo to swap a fixed rate liability of yen 5 billion for floating rate dollars.

Under the arrangement, IDBI will pay interest at six-month LIBOR less 45 basis points on the dollar amount for a period of seven years. IDBI will be able to obtain dollar funds at a lower rate than that it would have to pay if it raised fresh funds abroad.

This is the fourth swap transaction that IDBI has concluded as a part of its liability management.

The currency swap enables IDBI to balance its portfolio. An excessive yen portfolio would mean that the borrower would have to pay heavily as the yen apprecites on the international market.

Tata Davy rehabilitaton package approved

The Board for Industrial and Financial Reconstruction (BIFR) has approved a Rs.8.25-crore rehabilitation package for Tata Davy Ltd. In addition, Tata Davy will also be entitled to Rs.2 crores as need-based increased cash credit.

According to reports the company will have access to the funds sanctioned under the package within eight to ten weeks. The Rs.8.25-crore package includes a loan of Rs.2.25 crores each to be advanced by the Tisco group of companies and the Davy Corporation of the UK, Rs.1.85 crores and term loans from financial institutions, and Rs.1.87 crores from banks.

Nicco to upgrade product range

Nicco Ltd has embarked upon a Rs.22-crore programme for modernising its manufacturing facilities at Shyamnagar in West Bengal.

The first phase of the two-phase programme will entail the setting up of a Rs.7-crore plant adjacent to the Shyamnagar factory for manufacturing specialised rubber cables. The company has already placed orders for importing machinery and equipment from De Angeli of Italy and Millefar of Switzerland.

Of the Rs.7 crores needed for the first phase, Rs.5.3 crores wi be provided by a consortium financial institutions while th rest will be generated internall

Du Pont to buy from Reliance

Du Pont of the US, the worl leader in the manufacture polyester fibre will import Rs.3 crores worth of polyester stapl fibre (PSF) from Reliance In dustries Ltd.

Reliance, which uses Du Pon technology has entered into contract for the export of 16,00 tonnes of PSF during Septem ber 1988 to March 1989. The PS will be distributed under the D Pont brand name.

Mudra ties up with DDB Needham

Mudra Communications an DDB Needham Worldwide hav formally established a relation ship commencing with a affiliation.

Under the agreement, Mudr will act as DDB Needham's ex clusive representative in Indi and conversely DDB Needha would act in the same capacit for Mudra internationally.

DDB Needham Worldwide is member of the Omnicom grou of companies holding two majo worldwide advertising agencie and allied services. Omnicom i the second largest agency grou in the world, with billings i excess of US $ 7 billion. DD Needham has 41 offices in 2 countries, and has billings of U $ 2.1 billion.

BIC wins award

The public sector British Indi Corporation (BIC), whose tw mills Cawnpore Woollen Mill and New Egerton Woollen Mill produce a wide range of wooll and terry wool suitings, blan kets, dhotis and hosiery, ha bagged two internationa awards for the best wooll management and quality prod ucts. A leading European trad organisation based in Madri has decided to confer the Euro pean Mercury Award for 198 on BIC for its outstanding pe

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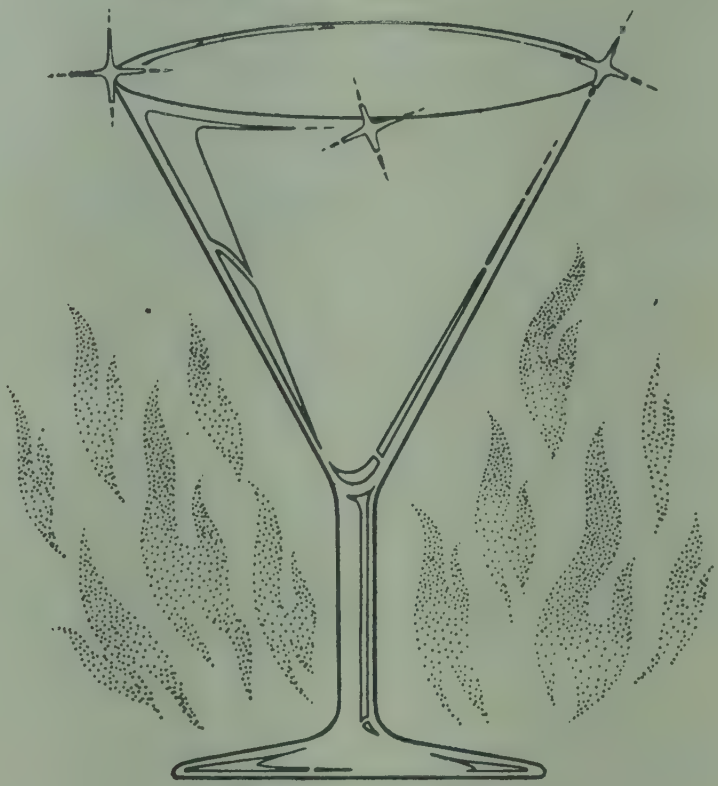

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OIL plans 53 wells for Arunachal Pradesh

Oil India Limited proposes to produce 300,000 tonnes of crude oil per year in Arunachal Pradesh by 1994-95. It has a plan with a proposed outlay of Rs.54 crores for the purpose, which includes drilling of 53 wells in Arunachal Pradesh, installation of production facilities and other infrastructure.

MCR simulator for navy

The first indigenously-developed machinery control room (MCR) simulator was commissioned last fortnight at INS *Shivaji*, the Indian Navy's training centre at Lonavala. This high-tech training equipment worth Rs.82 lakhs was developed jointly by Bharat Heavy Electricals Ltd and the Navla Science and Technological Laboratory (NSTL), Hyderabad.

The armed forces have 78 simulators at present, but most of them are for simulating situations involving weapons and sensors. The MCR simulator is the first of its kind in India for simulating engine room conditions aboard a ship.

IEL stops PSF supply

IEL Ltd has stopped supplies of polyester staple fibre as its current market price of Rs.50-52 is well below its cost of production of Rs.65 per kg. Production of PSF in the last three months has risen sharply from 8,252 tonnes in April to 9,012 tonnes in May and 11,500 tonnes in June. Closing stocks at the end of April were 16,744 tonnes.

Talks last week to push up PSF prices to Rs.70 per kg did not produce any results as current production trends do not permit any bullish trend in the near future. This could well affect the long term viability of many companies, like IEL, Indian Organic, India Polyfibres, Orissa Synthetics and Calico, according to sources.

Modis plan cellulosic fibre project

The Modis have decided to go in for a cellulosic fibre project since the government has rejected their proposal to import a second hand plant from Courtaulds of the UK for the manufacture of viscose modulus fibre.

The government has extended the five-year-old letter of intent for the fibre project by another six months.

The letter of intent provides for 30,000 tonnes per annum of cellulosic fibre. The project cost for setting up the plant is estimated at Rs.133 crores.

Bindal Agro to acquire LDPE plant

IEL's current proposal to sell off its low density polyethylene plant (LDPE) located at Rishra to Bindal Agro Chem Ltd is expected to be cleared by the West Bengal government by September.

IEL officials refuting market rumours, said that Bindal Agro (belonging to Oswal group) would not be dismantling the plant and shifting it to Noida. Instead Bindal Agro would be operating the plant at the present site itself.

IEL was forced to offer the LDPE plant for sale, despite increasing LDPE prices, because of the perennial shortage of industrial alcohol. It is not clear how Bindal Agro proposes to take care of this problem.

Toyo submits HFC Haldia revamp plan

The centre had commissioned two foreign consultancy firms — Toyo Engineering Company of Japan and Udhe of West Germany to propose strategies for the total revamping of the Hindustan Fertiliser Corporation's Haldia fertiliser complex.

Toyo has already submitted its draft report on the rehabilitation plan of the ammonia and urea plants. The report envisages a fresh investment of about Rs.250 crores over 36 months. The draft report from Udhe expected this month will deal mainly with the downstream units.

Unions agree on Alind revival plan

Aluminium Industries (Alind) has signed a wage freeze agreement with 23 labour unions covering seven production units of the company in three states. The agreement will allow Alind to avail of a rehabilitation package offered by the Board for Industrial and Financial Reconstruction (BIFR).

Alind has been ailing for some time. Even with its order books full at Rs.70 crores, the mounting interest charges kept the company in the red and BIFR had to come to the rescue. The terms of the labour agreement which was a precondition for becoming eligible for the BIFR package, include payment of profit linked bonus, replacement of the present production incentive by a new scheme, deferment of wage hikes including DA for three years and rationalisation of labour.

Rourkela upgradation scheme approved

The government has approved the Phase I of the Rourkela Steel Plant's (RSP) renovation and technological upgradation scheme. The total cost of Phase I will be Rs.415 crores and the foreign exchange outgo is put at Rs.24 crores. The total modernisation of RSP is estimated to cost about Rs.2,400 crores with a foreign exchange component of Rs.500 crores.

Phase I is to be completed within 5 years from July 1988. The unique aspect of Phase I is that under the scheme the Steel Authority of India Ltd (SAIL) will select a person to be in charge of the project to ensure its completion within the prescribed time. The objective is to place responsibility on a single person so that he can be held accountable for time overruns.

JCT to make shadow masks

Jagjit Cotton Textile Mills Ltd (JCT), the flagship of the Thapar group of companies, will manufacture for the first time in India 'shadow masks', one of the prime components for colour picture tubes.

JCT has signed a memorandum of understanding with Buckbee-Mears Europe (BME) for the transfer of technology and supply of plant and machinery.

New service from Skypak

Skypak Couriers Pvt Ltd has started a new service which offers delivery of documents and samples within Bombay and New Bombay. Further, it has added 14 new collection centres. A press release says that before the end of 1988, the total number of collection centres will be increased to 40 within Bombay and New Bombay.

WBIDC to join hands with two private firms

The West Bengal Industrial Development Corporation (WBIDC) is to team up with two leading private companies for its new projects. It will join hands with Mazda Easland Indutries and Leasing Limited in a Rs.40-crore project to produce speciality paper. It will also tie up with Tata Oil Company in a Rs.100 crore venture for the manufacture of a variety of items — rice bran oil, fatty acid, solvent, detergents and animal feed. Though the locations for the projects have not yet been finalised, Bankura and Malda are the likely choices. The WBIDC will shortly sign memoranda of understanding with the two companies.

GMM ties up with Pfaudler

Gujarat Machinery Manufacturers Ltd, a Karamsad, Gujarat based company, is to manufacture modern glass lined equipment in technical collaboration with Pfaudler Companies Inc, USA. Pfaudler, which recently acquired a 40 per cent stake, in GMM, has nominated three directors to the board of the company. GMM's equity as a result has been increased from Rs.63.67 lakhs to Rs.1.06 crores. GMM has been making glass lined equipment since 1969. A unique feature of the new glass lining technology, according to the company, is that it is not available in books or manuals; it is a proprietary secret of Pfaudlers.

ADB to assist polyester unit

The Asian Development Bank is to provide direct assistance to an Andhra Pradesh registered unit for the manufacture of polyester. The plant, to be located near Nagpur in Maharashtra, is to have the participation of the State Bank of India. SBI has raised for the unit a foreign exchange loan of $ 5 million and provided a direct loan of $ 1 million, and Rs.4 crores in a rupee loan.

SRPL's sick unit to be restructured

The Board for Industrial and Financial Reconstruction (BIFR) has decided to restructure the sick unit of Swastik Rubber Products Ltd (SRPL) on account of the huge interest burden, the company, even after the increase in production, did not show any sign of earning profits. The company's turnover had touched Rs.8.5 crores.

DCI achieves record performance

The public sector Dredging Corporation of India (DCI) has achieved a record by dredging 20 million cubic metres in various ports in the country and its turnover has gone up by nearly Rs.50 crores. Talking to newsmen last fortnight, the DCI chairman and managing director, Abraham Kuruvella, said that three more hopper dredgers are being acquired by the corporation at a cost of Rs.30 crores each, in addition to the existing 10. DCI, he added, has diversified its activity by taking up inland water dredging, hydrology surveys and consultancy.

Birlas lead in assets

The Birla group topped the industrial houses in the country in terms of assets in 1986. Their assets, according to a statement in parliament last fortnight by union industry minister J. Vengal Rao, were worth Rs.4,606.57 crores. Tatas were second with assets valued at Rs.4,348.94 crores.

Perfume technology centre to be set up

The Perfumes Flavours Association of India has taken the initiative of setting up a perfumes and flavour technology centre with the active help of Bombay University's department of chemical technology. It has donated Rs.10 lakh for basic expenses of the centre. The centre wil start M.Sc (Tech.) course in perfumes and flavour technology.

At present, Indian manufacturers of perfumes and flavours use the aroma raw materials of imported origin in large quantities. The setting up of the centre would eventually help in indigenous development and production of the new aroma chemicals, says PFAI.

Mediclaim scheme for Centralcard holders

United India Insurance Company and Central Bank of India have offered a mediclaim scheme exclusively to Centralcard holders and card holders of affiliated banks viz, the Vysya Bank and United Bank of India.

Card holders can avail of this facility by authorising the bank for payment of insurance premium by signing a declaration according to a Central Bank press note.

Under the scheme, a policy is made available at a reduce annual premium of Rs.64 against Rs.840, with a coverage limit for hospitalisation up t Rs.60,150. The premium pai qualifies for tax benefit unde 80 CC (D) up to Rs.3,000.

DIARY

DATES	SUBJECT	ORGANISER	VENUE
25-30 July	**Seminar on Management by Objectives**	Administrative Staff College of India, Hyderabad (Tel: 36952, 36956)	Bella Vista, Hyderabad
30 July	**Workshop on Time Management and Organised Executive Executives**	Ahmedabad Management Association, Ahmedabad (Tel: 352588)	Hotel Riviera, Ahmedabad
1-5 August	**Management Effectiveness**	National Institute of Small Industry, Extension Training, Hyderabad (Tel: 238544)	Yousufguda, Hyderabad
1-6 Aug	**Quality Management**	Tata Management Training Centre, Pune (Tel: 665472, 665381, 660141)	Tata Management Training Centre, Pune
2-5 Aug	**Seminar on 'Advanced Value Management Techniques'**	CRAVE Services, Bangalore (Tel: 560332)	Hotel Rama, Bangalore
3-4 Aug	**Computer Applications in Personal Management**	Bombay Management Association, Bombay (Tel: 245039)	BMA Computer Centre, Bombay
8-10 Aug	**Seminar on Product Management**	Consulting & Research Enterprise, Hyderabad (Tel: 233014, 233048)	Hotel President, Bombay
8-13 Aug	**Course on Management of R&D Systems**	Administrative Staff College of India, Hyderabad (Tel: 36952, 36956)	Bella Vista, Hyderabad
10-12 Aug	**Optimisation Techniques**	National Productivity Council, Hyderabad (Tel: 233866)	Hotel Banjara, Hyderabad

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BUSINESSMEN IN THE NEWS

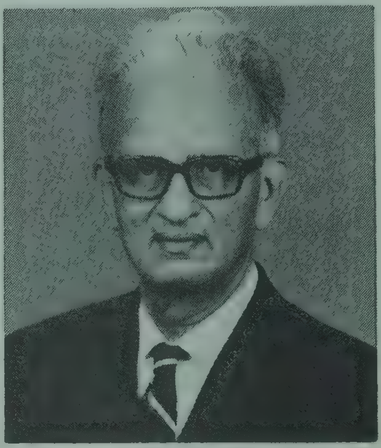
MIKE SHAH

On 13 July, Bangalore's corporate elite were witness to the inauguration of the operations of Digital Equipment (India) Ltd (DEI), in which Digital Equipment Corporation (DEC), USA, will invest Rs.8 crores. The choice of Bangalore as the location for DEI's plant was appropriate. "Bangalore has more than 150 MicroVAX mini-computer systems (produced by DEC) — the single largest concentration of this system which we are going to manufacture here from early 1989," says Mike Shah, chief operating officer, DEI.

This is the first joint venture that DEC, USA is participating in without 100 per cent equity. DEC will hold 40 per cent equity, the Bombay-based Hinditron group 30 per cent and the public 30 per cent. The new company will adopt a different format for funding the Rs.50-crore project. "We will get maximum equity and commit ourselves to a long term project," says Shah, a DEC, USA employee for over 17 years. DEI will have an equity capital of Rs.20 crores and is likely to avoid term loans from Indian financial institutions.

Under the agreement that DEI has signed with Hinditron, all business related to digital equipment that is now with the Hinditron group will be transferred to DEI. This includes Hinditron's software export unit in SEEPZ and maintenance contracts with VAX users. The agreement also provides for the redeployment of 370 Hinditron employees. "You can look at it as a company which has been here 17 years and is now going in for local manufacturing," says Shah. In return for the transfer of business, Hinditron shareholders will get an allotment of shares in DEI in lieu of cash.

MALCOLM ADISESHIAH



At a time when the demand for financial autonomy by states is gaining increasing stridency, the India International Centre under the chairmanship of economist Malcolm S. Adiseshiah, convened a meeting on the subject. A group of thirty-odd economists met for a seminar on economic development of the western region, encompassing Maharashtra, Gujarat and Goa. Adiseshiah said the time has come to evolve a "regional economic plan" to reinforce the overall planning process. It would ensure that gaps in national plans were plugged and fruits of planning evenly shared.

A point that emerged at the seminar was that while it is a fact that both Maharashtra and Gujarat are industrially well advanced, housing and social extension services need to be improved.

Goa's key sectors — tourism, alcohol industry, iron ore and marine exports — it was pointed out, are facing serious problems and corrective measures need to be put in place.

What struck observers of the seminar was that there were sharp differences of opinion on what the nature of development unveiled for the western region should be. Opinion diverged on various issues, including the agriculture-industry link, intra-state imbalances and decentralisation of the planning process.

One common need that emerged was for a blueprint for reducing deficiencies in the planning process and maximising gains to strengthen the federal set-up.

SWAMINATHA REDDY

According to O. Swaminatha Reddy, chairman Andhra Pradesh State Financial Corporation (APSFC), notwithstanding the drought for the fourth consecutive year in the state and a unprecedented power cut for industry the corporation has reported better operational results for the year ended on 30 March, 1988.

Reddy says that the financial institution has also given a qualitative and quantitative thrust to industrialisation in the state.

To assist industries adversely affected by the power cut, the APSFC has extended financial assistance for the acquisition of power generating sets. A total of 113 entrepreneurs received assistance of Rs.3.89 crores for captive power generation. Moreover, the corporation's ability to recover its advances was creditable despite adverse economic conditions in the state which affected the repayment capacity of industry.

The gross financial assistance sanctioned during 1987-88 was Rs.131.88 crores, benefiting 4,002 units. The disbursals reached a record level of Rs.102.49 crores in 1987-88. The cumulative gross sanctions and disbursements at the end of the year stood at Rs.891.55 crores and Rs.573.03 crores respectively. The APSFC's operations yielded a pre-tax profit of Rs.4.43 crores in 1987-88.

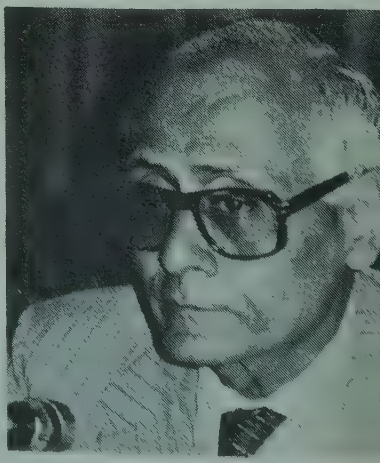
According to Reddy, another creditable achievement during 1987-88 has been that APSFC was one of the eight SFCs selected by the IDBI for operating the Asian Development Bank (ADB) line of credit. The plan of APSFC for the current yea 1988-89 envisage gross disbursements of Rs.125 crores an gross sanctions of Rs.110 crores Recoveries are targeted at Rs.96 crores. In 1988-89 there woul be increased thrust on assistance to small-scale units.

A.K. KANORIA

The price of polyester stapl fibre has been increased b Rs.20 per kg to Rs.72 per k from 1 July 1988. "This price ris works out to more than 57 pe cent of the ex-factory realisa tion after deducting duty, sale tax and freight," says A.K. Kan oria, president of the India Spinners Association. Accord ing to him the manufacturers o PSF have formed a cartel an have justified the increase i prices by pointing to the in crease in the price of mon ethylene glycol (MEG).

In the international marke the price of MEG has increase from US $ 1100 to US $ 1,20 But, as Kanoria explains, thi price increase should really af fect PSF prices only after a fe months as most PSF manufac turers have stocks bought at ol prices.

Moreover, says Kanoria, PS manufacturers are offerin polyester fibre in the interna tional market at US $ 1.35 to U $ 1.40 per kg fob against US 1.20 a few months back, whic works out to a price increase o only 20 per cent. It is Kanoria' contention that on account o the rise in MEG prices expor prices should have been raise by 74 US cents per kg.



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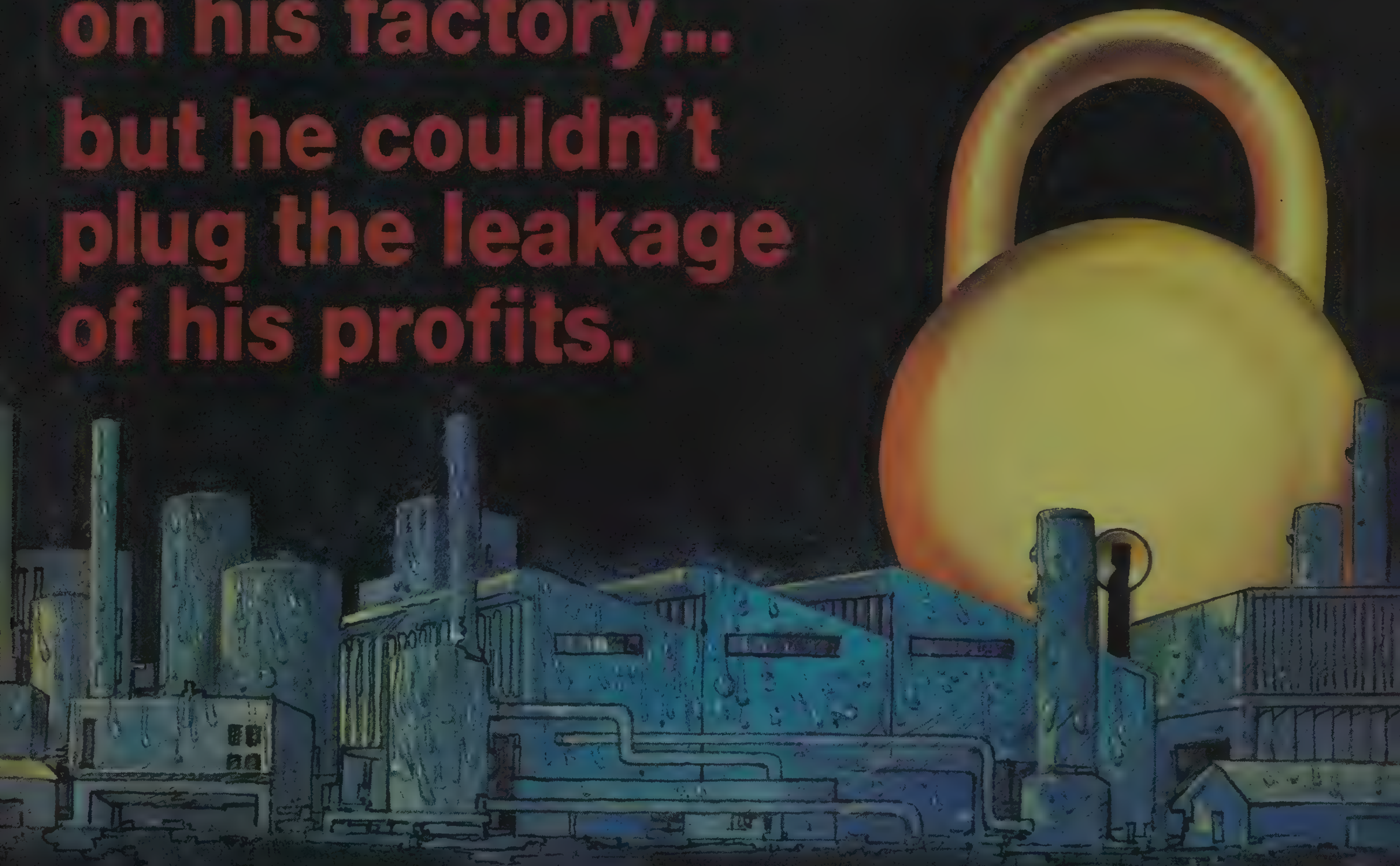

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The fair price of PSF in the internal market, according to him, would be about Rs.58 per kg. The government is keen to see the consumption of PSF rise in the country.

Also, exports of blended yarn need encouragement as the value-addition would increase the flow of foreign exchange into the country, says Kanoria. "Since the government was giving cash compensatory support of 5 per cent for the export of PSF why is no CCS being given for the export of blended yarn," Kanoria asks. Exports of blended yarn could increase from between Rs.15 and Rs.18 crores worth now to about Rs.100 crores per annum with the right support, he feels.

SURESH LULLA

Qimpro Consultants Pvt Ltd, a Bombay-based consultancy organisation set up by Suresh Lulla, will soon introduce Juran on Quality Improvement (JQI) — a structured process for quality management in industries and services — for the first time in India. For this purpose, Qimpro has entered into a collaboration with the Juran Institute Inc, USA, whose founder, J.M. Juran, is internationally recognised as a pioneer and visionary in the field of quality management.

JQI, which is essentially a management process and does not deal with either technology or statistics, has three broad objectives — quality planning, quality improvement and quality control. "JQI's emphasis is on the manager's approach: first identify the problems, then mobilise the company's resources and skills to deal with the problems and finally, choose and apply whatever tools and techniques are appropriate to solve the problems," says Lulla who obtained a master's degree in industrial engineering from Wayne in USA after graduating from IIT, Bombay.

"The return on investment on our quality management process would be 10 times the cost because it will not only increase revenue by improving the quality of the product but will also reduce cost," Lulla claims. On test marketing, Qimpro has already got five big customers including Tisco, Hindustan Motors and Bharat Earth Movers Ltd and before the year is out, says Lulla, there should be another 70 companies added to this list.

SUSAN WINTON

"The aim of DECTA's (Developing Countries Trade Agency) trade promotion programme for India is to increase India's export market share in Europe and make the label 'Made in India' something to be sought after," says Susan Winton, manager, special projects of DECTA.

The project, which is funded by the British government, focuses on products of industries identified as thrust sectors in the Seventh Five-Year Plan. The products include gem-studded jewellery, footwear, leather goods and garments.

"We're looking for companies that are committed to export," says Winton. If a company is selected, DECTA will test-market the product in the UK. If it is found acceptable, DECTA will then invite the Indian company to visit the UK where it will introduce the buyer to the seller. Winton says the programme offers an integrated marketing approach, from production to after sales service.

TOGNI

Swiss Bank Corporation (SBC), the second largest bank in Switzerland with total assets of 146.2 billion Swiss francs at the end of 1987 proposes to enlarge its operation in India.

According to Alberto Togni, member of the executive board, SBC has signed a cooperation agreement with DSP Financial Consultants, Bombay to strengthen its presence in India which started 40 years ago with correspondent banking arrangements with Indian banks.

Under the agreement, DSP Financial Consultants will act as SBC's agent in India. They will organise the marketing of SBC's products, assist it in the execution of banking and financial transactions and also supply information on the economic and industrial situation in India.

Togni said that in the field of foreign currency funding for Indian projects and institutions, SBC has, starting with a lead position for the mixed credit to India in 1983, taken various initiatives. Recent contributions include being lead manager position for IDBI's maiden bond issue (SFr. 100 million) in the Swiss capital market in 1987; helping to arrange, as co-lead manager, SFr. bond issues floated by ICICI and ONGC and managing a DM bond issue by IDBI. SBC has been one of the main dealers in the Euro-commercial paper programme of ICICI and a lead manager in the ONGC's US $ 60 million loan for Shipping Credit and Investment Company of India.

The reason for SBC opting for a tie-up with DSP, Togni said was that they were big enough to deliver the goods but small enough for quick reflexes. "Also we felt we were on the same wave length," summed up the SBC representative.

TAKASUMI MINAMI

Takasumi Minami, general manager for foreign trade, Yaskawa & Co of Japan, was in India last month. Yaskawa is the leader in Japan in the industrial robot systems industry and has installed the largest number of welding robots in the world.

In India, Yaskawa is working in collaboration with Jaya Hind Sciaky Ltd, Pune to supply robotic systems to the Indian industry. Minami was here in the wake of the first orders for these robotic systems. Minami is convinced that robots will be used by the Indian industry in large numbers in the near future.

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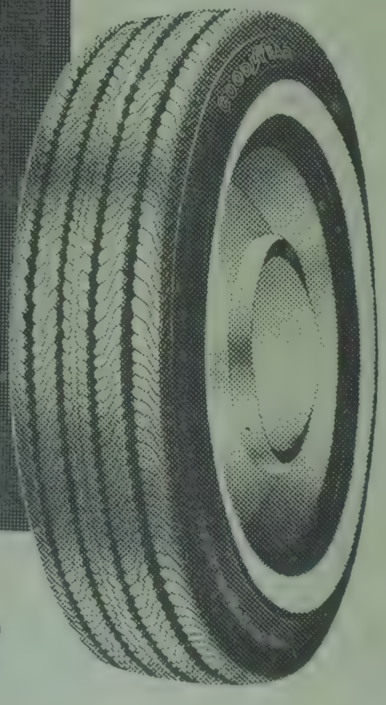

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IDMA

Deeply divided

Last fortnight's resignation of five office bearers has plunged the Indian Drug Manufacturers Association (IDMA), the giant organisation of wholly Indian-owned pharmaceutical producers, into a fresh crisis. In early May after a long-festering dispute with the association's president Vinoobhai Shah, the same group of office bearers had threatened to resign. This time they have actually handed in their resignations and stopped working.

Shah says he has not yet accepted the resignations, and though not very confident of the outcome, he intends to try to persuade the dissidents to change their minds. However, N.I. Gandhi, the general secretary of the association stands by his decision to resign: "There is no way we are going to reconsider. After much soul searching we have come to the conclusion that there is no way we can continue working with Vinoobhai and his autocratic ways."

Unauthorised comments. The provocation for the crisis that shook the association in May was Shah's much-publicised statement that the Maharashtra Food and Drugs Administration (MFDA) was an anti-national body. This followed the MFDA's statement that drug companies would be forced to set up their own in-house testing labs. Many small companies don't have these labs right now, and according to Shah, there was no point in coercing them into setting up labs since, despite possessing excellent testing facilities even large manufacturers sometimes produce sub-standard drugs.

Shah's statement deeply offended the IDMA's office bearers. It did not represent the association's official position. Shah had not bothered to consult fellow members before going public on the controversial issue. He had made similar unendorsed statements before but the statement on the MFDA was termed the last straw by the dissidents who threatened to resign. However, some behind-the-scenes persuasion and a promise from Shah that he would take the association into confidence before making announcements on crucial issues in future resulted in a fragile compromise.

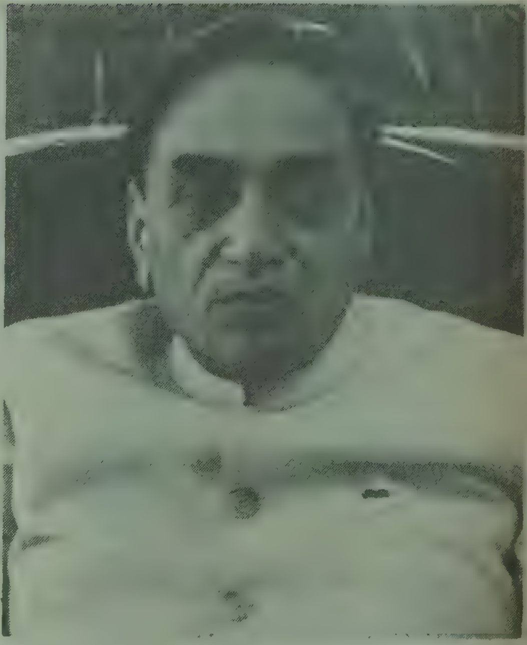
It, proved to be short-lived. Early this month, as part of an effort by some national consumer organisations, Shah shot off a letter from the IDMA asking the government to ban all irrational drug combinations. This is a very sensitive issue, particularly among some large manufacturers who are members of IDMA and produce some of these drugs, who were piqued. Says J.B. Modi, managing director, Unique Pharmaceuticals, and a past president of the IDMA who is supporting the dissident group, "What Shah said is not the official position of the IDMA. As in the past he has made it seem that his own views are those of the association." The resignations followed.

Paralysed. The new developments mean that all Bombay-based office bearers of IDMA barring Shah (the other two office bearers are a vice-president, north, based in Delhi and a vice-president for the south) have quit office. Apart from Gandhi, these include vice-president N.H. Israni, joint secretaries Mahendra Parik and Avant Thakur, and treasurer Dinesh Patel.

The working of the association will be paralysed for at least the next few months before fresh office bearers are elected. And this, at a crucial time for the drug industry when important decisions regarding the implementation of the DPCO, trade margins etc are to be taken by the Union government. Says an executive committee member sarcastically, "I am sure the resignations won't bother Vinoobhai much, since anyway he has all along functioned as a one-man association, making decisions and statements without consulting anyone else. The only difference is that now he will not be bothered by someone trying to question him about his arbitrary pronouncements."

Shah claims that the IDMA offices are working as before. "These people (those who resigned) have from the beginning not co-operated with me on important matters," he says, "so it doesn't matter whether they are there or not." The dissidents, Shah says, have been frustrated since early this year, when Shah won a bitterly fought election for the presidentship of the association defeating the incumbent I.A. Modi of Cadilla Laboratories by a narrow margin of 19 votes. "All these people were supporters of Modi and they have never let me forget that," Shah says.

Nor has Shah allowed them to forget which side he belongs to. As J.B. Modi says, "He has never acted as if he was interested in working for everyone's welfare." The sharply divided voting pattern of the election was the first sign of the growing rift between small scale manufacturers and loan licencees on one side and large manufacturers on the other. Shah romped home largely with the support of the former. And if it is true that he ignored the executive committee before making his decisions and statements there seems to be a clear reason — most of the executive committee members are large drug unit owners.



Shah: asking the dissidents to reconsider

For the small scale. Though himself the owner of a large scale bulk drug plant along with three small scale units that collectively achieve a turnover of around Rs.15 crores, Shah has acted most of the time in a manner suited to please his supporters, the small scale units. Among his actions to benefit them were his campaign against compulsory in-house labs, irrational drug combinations and his unsuccessful attempt to depart from an earlier practice and get some new members co-opted on to the executive committee.

About ten members are brought on to the elected executive committee every year; of these, five who are called co-opted members have voting rights while the rest are invitees. By tradition only senior IDMA members are "co-opted" while new members are made invitees. Shah tried to reverse the order, allegedly to get his own men on the committee. But the executive committee effectively stalled this move.

Not to be outdone by Shah's attempts to please the small scale units, the executive committee also bared its fangs. For the first time it thwarted an attempt to induct seven new loan licencees.

Despite the fact that about 250 loan licencees are members of the association the anti-Shah faction argued that the constitution was not clear on the matter

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of inducting members without manufacturing facilities, and stalled their induction. An extraordinary general meeting of the 600-member association has been called on 24 September to sort out the issue.

The crisis will undoubtedly continue till the next executive committee elections which have to be held before December. Apart from the fact that Shah wants to contest for the presidentship again, there is much else at stake. A victory for the Shah faction, industry observers say, could lead to a split in the organisation, with the large drug units walking away.

Meanwhile, Shah carries on in his inimitable nonchalant style. He has not even bothered to call an executive committee meeting to discuss the new crisis. "I have been elected to serve everyone," he says, "and I am going to do that regardless of what people say."

■ N. RADHAKRISHNAN

TEA

Incentives bring little solace

The union government recently announced export incentives worth Rs.1.3 crores for export of south Indian teas to the Soviet Union, Iraq, Egypt, UK, Syria, Jordan and Australia, above set base levels. Tea exports have slumped from 44 per cent of total production in 1984 to 25 per cent in 1987. However, the announcement has got a tame welcome in Coonoor, Tamil Nadu, the capital of the South Indian tea industry.

The feeling in Coonoor is that a lot more could have to be done, if South Indian tea is to remain healthy. "The price that teas are receiving today in the auctions are often less than the cost of production," says M. Bhojarajan, chairman of the Coonoor Tea Trade Association. Average tea prices at auction have stagnated over the last five years, and were lower in 1987 than they were in 1983. With a rise in the cost of most inputs and capital equipment a squeeze on producers is inevitable.

The industry is perilously overdependent on two markets, Kerala internally and the Soviet Union outside. "And South Indian producers have been all too ready to take the easy way out and concentrate on this market. This coupled with erratic government policies has been enough to hamper the growth of the industry," says an observer.

Changing policies. Also, the government's policy on exports has been subject to sudden shifts. At various times in the past the government has: imposed an export duty with retrospective effect (1978), banned export of CTC teas (1984), totally banned exports (1984) and imposed a minimum export price (1985). It attempted to 'harvest' foreign

Tea plantation: production isn't a problem

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exchange when tea prices boomed but also tried to restrain tea prices in the internal market by restricting exports, tea industry sources complain.

So in the past, when blenders have been unable to get Indian tea, they have just switched to tea from other countries and getting them to change their blends is going to be difficult, say tea industry observers. In addition, for small countries like Sri Lanka, Kenya and Indonesia, tea is a major export, and because of a lack of an internal market they undercut Indian prices.

Regrettably, South Indian teas have developed a reputation, both in the internal and external market, as lacking in quality and are regarded as cheap 'filles' in blended teas. They are perceived by external buyers as not having the cachet of a superior tea while, to internal buyers, they lack the strength and the keeping quality.

Complacency. This reaction of buyers to South Indian teas is, ironically, a direct result of the ease with which tea has been sold. Traditionally, over 75 per cent of all South Indian tea has been sold at auctions at Cochin, Coonoor and Coimbatore. Producers sell through brokers, who evaluate teas, provide market feedback and can, if pushed, provide invaluable advice on manufacturing practices which can boost tea prices.

The teas are offered for auction every week and buyers representing the large blenders, like Brooke Bond and Lipton, representatives of loose tea buyers from the major consuming states of South Indian tea (Kerala, Maharashtra, Gujarat and Rajasthan), and large exporters, are normally present.

The system, till recently, has worked to the satisfaction of all concerned. Buyers have had the option of buying a wide variety of teas at one location and brokers, admittedly a small club (it took a new broker in Coonoor four years to get a license), are assured of a one per cent commission.

So South Indian tea producers have had it good. They have been assured of prompt payment; there is no credit. As a result they have been able to increase the size of their crops (South Indian tea unlike its North Indian counterpart is a perennial producer), and have come to see their responsibility as ending with bringing their teas to the auction. They have produced teas with an eye on the overall requirements of the major buyers — Kerala and the Soviet Union — but have otherwise neglected marketing. With notable exceptions there is not as marked an emphasis on quality as in North India. Investment in factory equipment, as a proportion of total tea produced, is markedly lower in South India compared with the north.

Some attempts have been made at marketing packet tea, where producers could, if they manage to establish their blends, get a substantial increase in returns they receive. The packet tea market has been dominated by the large blenders and it is impossible for any but the largest producers, like Tata Tea, to take them on. "We have been attempting to market our teas through co-operatives in Tamil Nadu, but we have been less than successful," says Thangam Sankaranarayanan, managing director, INCOSERVE, an apex body of 13 co-operative tea factories in the Nilgiris.

Tea consortium. "The best way of marketing teas may be by forming a consortium," says Indrajit Chaterjee of Container Tea Commodities, Coonoor. Chatterjee dismisses the auctions as a crop disposal system and says a consortium could target teas to the preferences of particular buyers. Currently, his company is attempting to establish the quality of particular estates with blenders abroad directly and not through the auction.

The Tea Board has, in its attempt to promote South Indian teas, created a 'Nilgiri' logo. The idea is to create, for the high grown Nilgiri teas, an identity similar to that for Darjeeling tea. The United Planters Association of South India, the apex body of large planters, recently hosted a tea convention with the aim of bringing together larger buyers from both India and abroad together. "So far we have concentrated on boosting production, but we are now emphasising the importance of marketing, not only in tea but in all commodities," says B. Shivaram, secretary, UPASI.

The recent incentives to tea exports are thus at best a lure. In the long run, South Indian tea needs to concentrate on quality and marketing. Producers feel that the government, to begin with, can help by being more consistent and rational. As one producer points out wryly, "The Tea Board has a full-fledged office with a deputy chief executive in Coonoor, but the office has little or no powers. And we still have to trudge to Calcutta to get the most elementary clearances." ■

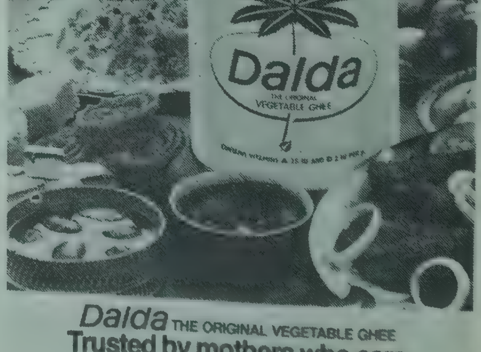
EAPEN THOMAS

HINDUSTAN LEVER

Making Dalda in Oman

Hindustan Lever Ltd (HLL), the giant multinational company manufacturing soaps and detergents, edible oils and vanaspati, has found a novel way to get around the obstacles that have come up in selling Dalda (the brand name of HLL's vanaspati) in the Sultanate of Oman. It has entered into an agreement with an Omani vegetable oil and vanaspati manufacturer to produce Dalda under HLL supervision for the Oman market.

Exports uneconomical. HLL has been selling its vanaspati in the Gulf for the last 30 years, and Oman was a major market for it. Indians and Pakistanis living in the Gulf countries are major consumers of vanaspati there. But in recent years, as the oil prices in India went up steeply compared with international prices, exports from India became unviable. Consequently, HLL entered into an arrangement with its parent company to produce Dalda at Unilever's plant at Malaysia, where edible oils are much cheaper, and export to the Gulf from there. HLL also exported from its edible oil and vanaspati processing plant at Kandla Free Trade Zone. But, when, in a sudden move in early 1986, the Sultanate of Oman imposed a 25 per cent duty on imported vanaspati, exports of Dalda to Oman dropped almost to zero. Almost overnight Dalda had become far too expensive for the consumer compared with pure ghee, which was cheaper since it was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Dalda ads for Oman: the beginning of more such tie-ups?

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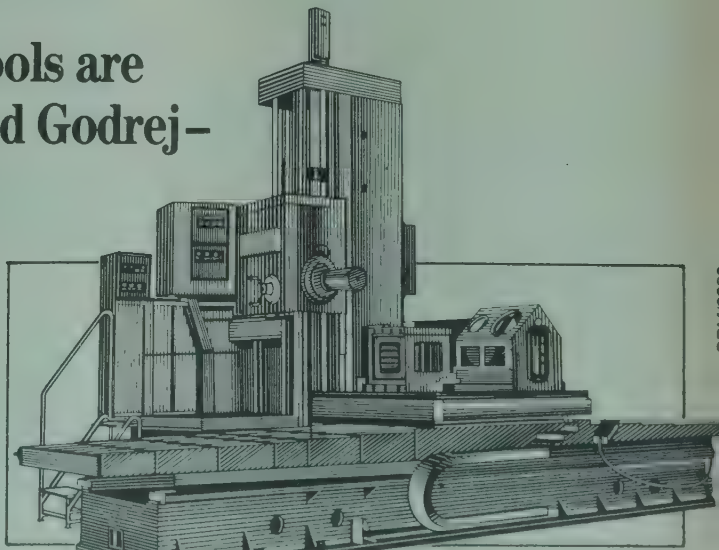

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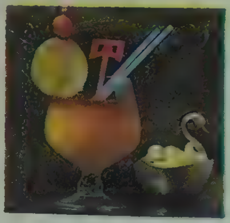

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To get around this problem, HLL decided to get Dalda produced in Oman itself. To begin with, the company gave Khimji Ramdas, its oldest Dalda distributor in Oman, the licence to use the Dalda brand name. Khimji Ramdas, in turn, entered into a processing agreement with a local oil and vanaspati manufacturer, Areej Vegetable Oil and Derivatives (AVOD) to manufacture Dalda. AVOD has an automated plant based in Muscat, with a capacity to process 10,000 tonnes of vegetable oil per annum. According to HLL sources, in this year, the first year of the tie-up, about 500 tonnes of Dalda will be produced and sold in Oman under the "strict quality supervision of HLL". The company expects sales to go up to at least 1,500 tonnes a year. HLL will get a five per cent royalty on the trade price from Khimji Ramdas.

In terms of earnings, the arrangement does not look big; foreign exchange earnings are expected to be just about a crore of rupees. But with their oil revenues shrinking, the Gulf countries are placing barriers on imports. In such a situation HLL's move makes sense.

HLL feels that the Oman deal could be the beginning to more such tie-ups in other Gulf countries. The company is actively considering a similar arrangement in Iran.

■ DILIP MAITRA

THE AIDS TEST

An eye to future business

There is AIDS, the health problem; AIDS, the social problem; and increasingly, AIDS, the business. The onset of the disease has thrown open commercial possibilities in the field of AIDS tests, and has already grown into a multimillion dollar business in the West.

Antibodies detected. While very few cases of AIDS have been detected in India so far, antibodies to the AIDS virus have been detected in 170 patients already. The preliminary detection of these antibodies is carried out using the ELISA test, which costs the patient Rs.300 in India. Confirmation of this requires the Western blot analysis which is done at specialised institutions, and costs 25 to 30 times as much.

The ELISA test is being marketed in India by several companies, notably Abbot and Ranbaxy. These companies are selling imported kits, which are used in conjunction with a device called the ELISA reader that costs between Rs.50,000 to Rs.1 lakh. Ranbaxy has a tie-up for the kits with the Italian firm Soren, as well as the American chemical giant Du Pont.

An individual kit costs a pathology laboratory about Rs.40 to Rs.50, but the costs of carrying out the test rise because of the requirement that concurrent kits be set up as controls, to ensure the reliability of the results. This significantly increases the cost, since three controls are required to be set up each time a test is carried out and can be very expensive when the laboratory has a low turnover and tests are carried out in batches of two to five, as is usually the case there.

While the government of India's own surveillance programmes mainly use kits supplied by WHO, the main market for commercially available products is blood banks and nursing homes that have been certified by foreign embassies to carry out mandatory AIDS testing on all potential immigrants and certain categories of visitors. For example, the US embassy, among several other embassies, has accredited several laboratories in New Delhi. The test is also being carried out for foreigners travelling in India who may develop AIDS-like symptoms as well as for Indians who have travelled abroad and received treatment including blood transfusion in the West. (Blood is a significant transmitter of the AIDS virus.)

Anticipating demand. The market today is relatively small but the investments being made by nursing homes and pharmaceutical companies are anticipating a larger market in the future. Such an increase may occur if an outbreak of AIDS is detected — or if the government of India decides to pass a law requiring that all blood for transfusion be tested for the AIDS antibodies. The medical rationale behind such a decision is doubtful, say most doctors, since few full blown AIDS cases have been detected in India. However, if any such law is passed, the demand for AIDS testing will skyrocket. It will also raise the cost of a bottle of blood — currently available at Rs.30 to Rs.90 per bottle (depending on the group) at private blood banks. Whether such a decision would be justified remains a hotly debated question in a country where even basic medical treatment is already beyond the means of most people.

■ M.S.BHANDER

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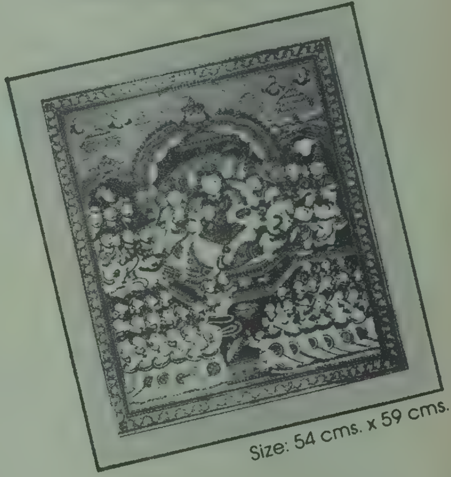

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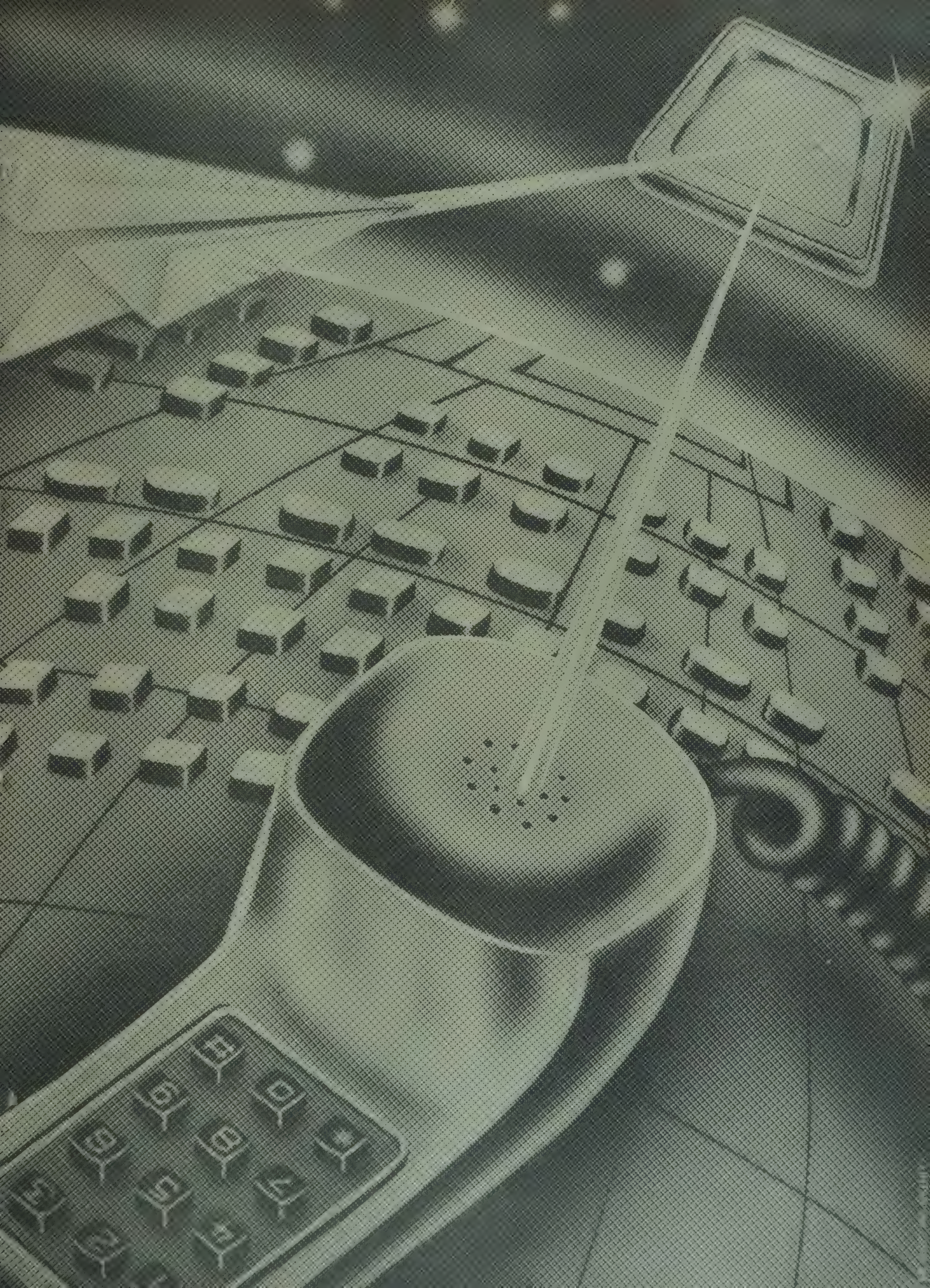

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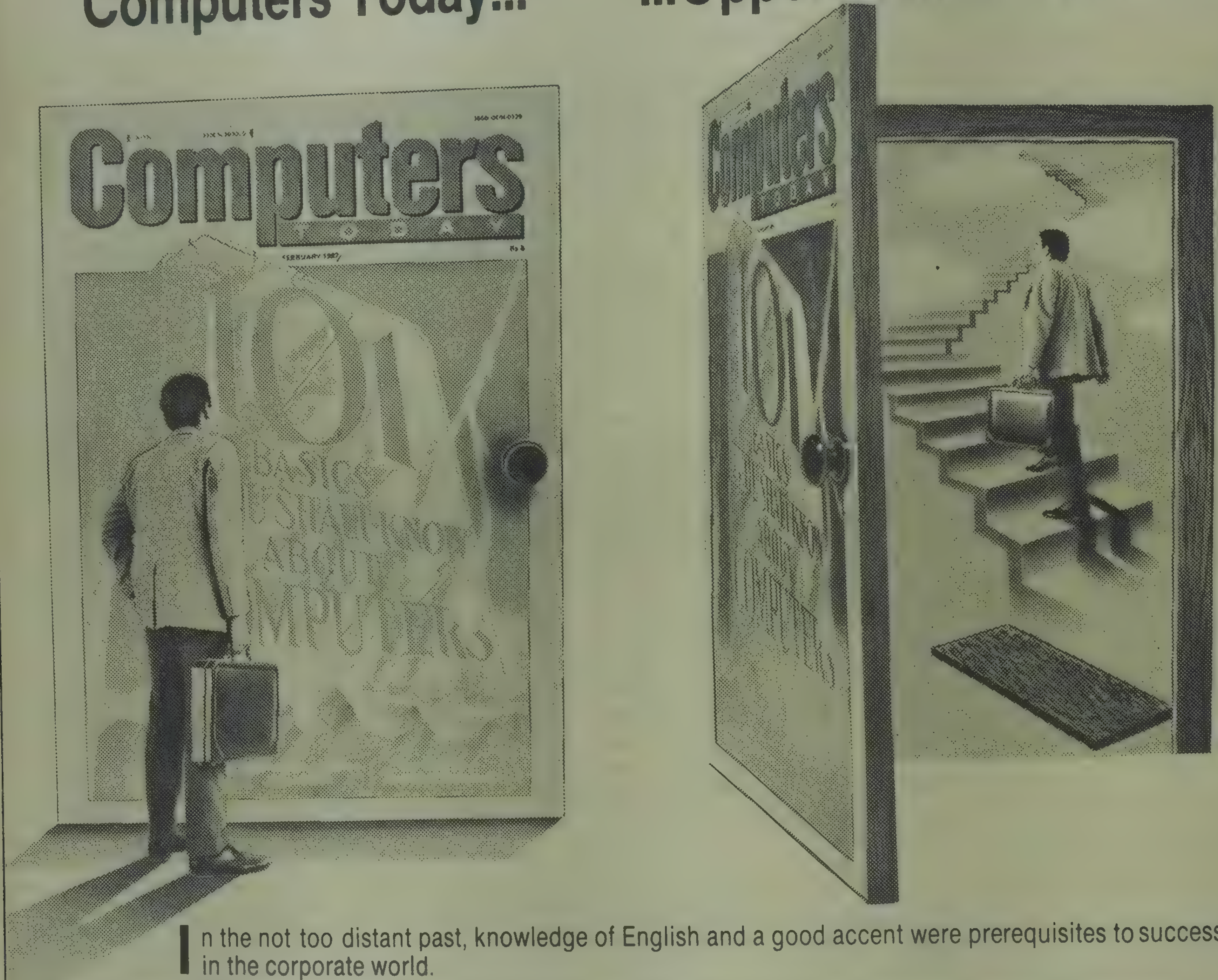

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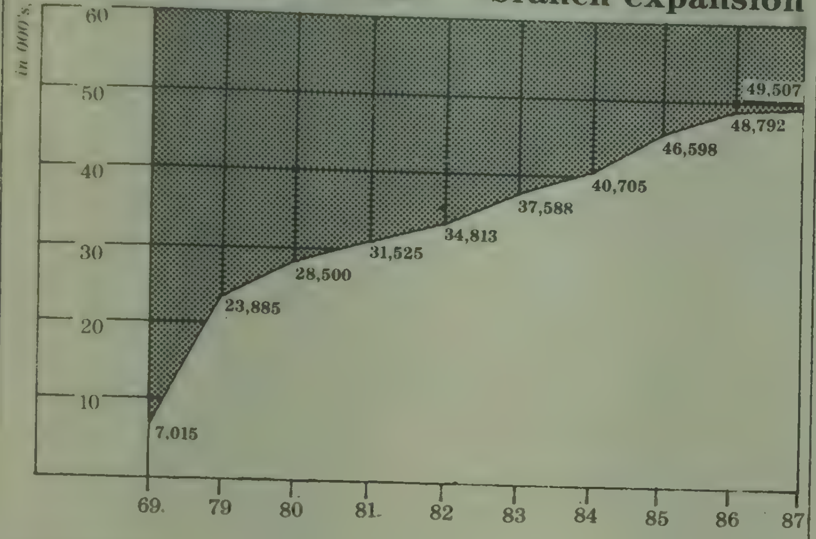
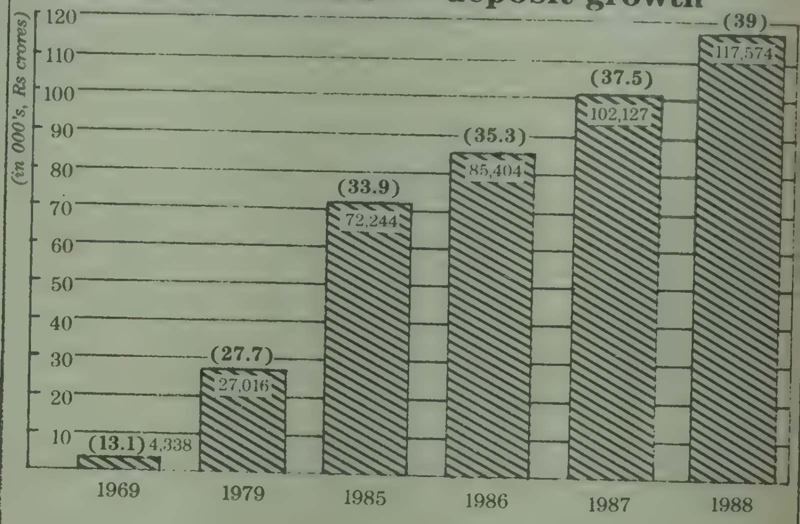
INTERFACE 6219

Public sector banks — branch expansion



Branch expansion after nationalisation (in 1969) has increased manifold from a mere 7,015 branches to 49,507 branches in 1987. Rural branches accounted for about 46 per cent of total branches. The State Bank of India had the highest number of branches (7,489) followed by Central Bank (2,502), as at December 31, 1986.

Public sector banks — deposit growth



Bank deposits have increased to Rs.117,574 crores (as on March 25, 1988). This phenomenal increase is largely due to rapid branch expansion over the years. Deposits as a per cent of GNP have also been steadily increasing, and in 1987 touched 40 per cent.

figures in bracket indicate per cent of gross national product.

Consumer price index: The index for industrial workers rose marginally in May, while that for urban non-manual workers fell.

	May 1988	April 1988	May 1987	% change over month	year
Industrial workers (1960 = 100)	771	763	703	1.0	9.6
Urban non-manual workers (1984-85 = 100)	129	131	—	-1.5	—

Wholesale price index: A marginal increase was registered in the index for all commodities, while that for primary articles showed a reverse trend. In manufactured products sugar, khandsari and gur registered a sharp rise of 8.7 per cent during the period under review.

(1970-71 = 100)

	18 June 1988	21 May 1988	20 June 1987	% change over month	year
All commodities	425.6	423.0	394.8	0.6	7.8
Primary articles	398.4	398.7	372.0	- 0.1	7.1
Mfg. products	407.1	402.0	373.5	1.2	9.0

Bullion prices and stock market index: The price of gold and silver in the domestic market has eased by 3.9 per cent and 1.2 per cent respectively. The international price of silver has risen sharply by 6.6 per cent during the period under review. The stock exchange index has eased but is still 17.2 per cent higher than in the corresponding period of the previous year.

	15 July 1988	15 June 1988	15 July 1987	% change over month	year
Gold (Bombay)	3055	3180	2790	- 3.9	9.5
Gold (London)	1984	1996	1895	- 0.6	4.7
Silver (Bombay)	5976	6047	4899	- 1.2	22.0
Silver London)	3306	3101	3185	6.6	3.8
Bombay Stock exch. index (1978 79 = 100)	576.64	597.82	492.47	- 3.5	17.2

Gold prices are in rupees per 10 gms and silver is in rupees per kg

Industrial production index: The index increased by 9.3 per cent in March, more than double that achieved in February. Cement output improved substantially, while crude oil production registered a modest increase. Power generation and steel production, however, showed a downward trend.

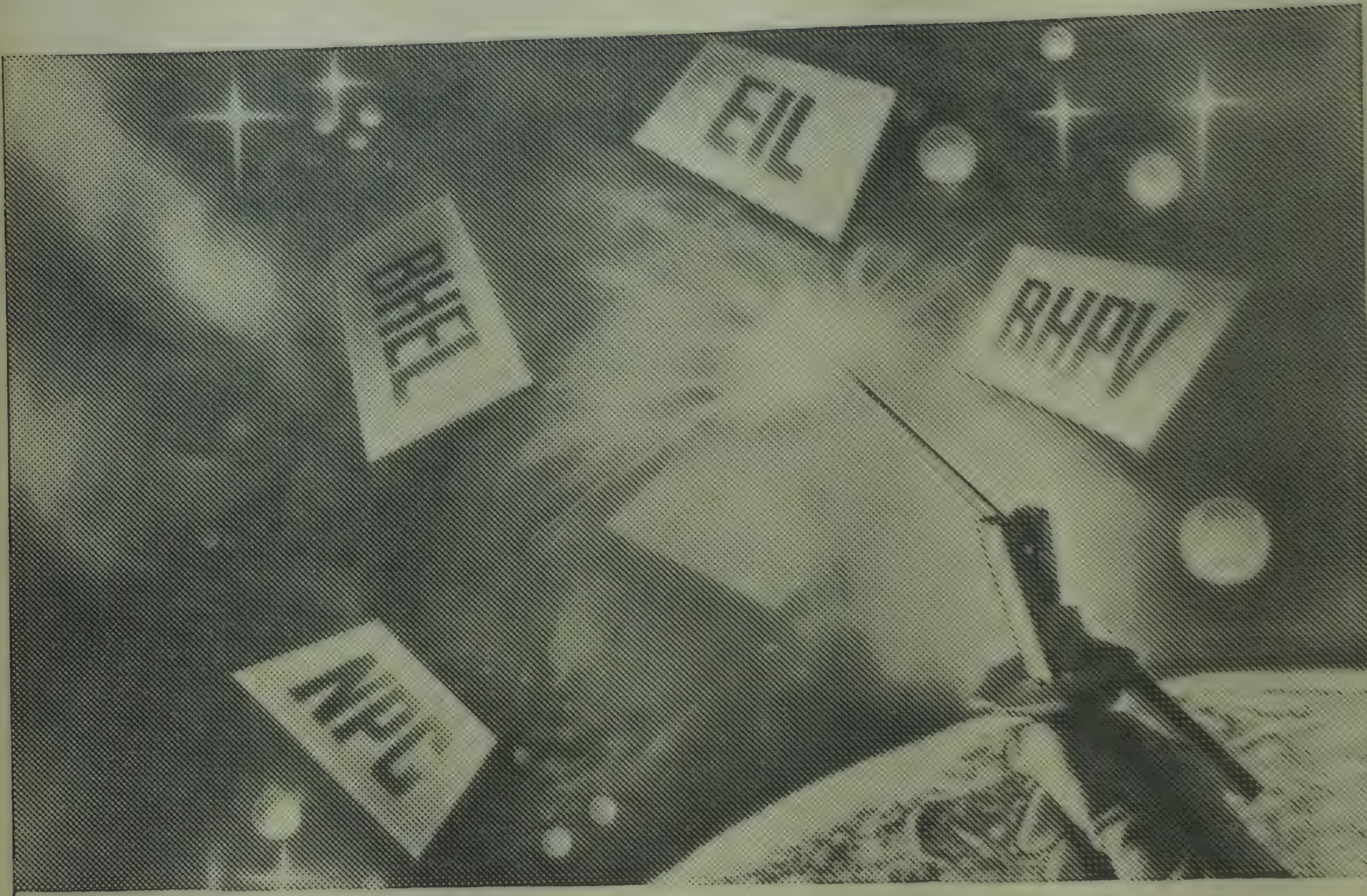
	Latest month	Previous month	Year ago	% change over month	year
Ind. prod. index (1986-87 = 100)	194.0(3)*	177.5	186.9	9.3	3.8
Rly. freight index (mn tonnes)	23.30(4)	27.51	21.78	- 15.3	6.9
Crude oil production ('000 tonnes)	2739(5)	2558	2641	7.1	3.7
Power generation (mn units per day)	588(5)	585	517.9	0.5	13.5
Coal production (lakh tonnes per day)	4.68(5)	4.43	4.24	5.6	10.4
Steel production ('000 tonnes)	701.5(5)	702	623.7	- 0.07	12.5
Cement production ('000 tonnes)	3624(5)	3075	3100	17.9	16.9

Figures in brackets indicate month. **Provisional.*

Money and banking (scheduled commercial banks): Broad money in the month to 1 July rose sharply by 3.8 per cent to Rs.173,555 crores. Aggregate deposits registered a higher rate of increase to Rs.126,934 crores. Even though bank credit increased, food credit declined by 4.4 per cent. The credit-deposit ratio has declined from 57.48 to 60.31 in the corresponding period of the previous year.

(Rs. in crores)

	1 July 1988	3 June 1988	3 July 1987	% change over month	year
Broad money (M3)	173,555	167,182	145,972	3.8	18.9
Agg. deposits	126,934	120,831	107,142	5.0	18.4
Bank credit	72,961	71,373	64,613	2.2	12.9
Food credit	2,124	2,222	4,853	- 4.4	- 56.2
Credit/Dep. ratio	57.48	59.07	60.31	- 2.6	- 4.6



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Engineering exports — a sorry tale

Engineering goods exports increased from a meagre Rs.5 crores in 1955-56 to Rs.1,320 crores in 1987-88. However, this is still short of the target of Rs.1,450 crores set by the commerce ministry. In terms of foreign exchange earnings too, engineering exports have not done very well. The rupee has depreciated considerably against the major currencies like the deutschemark, the pound sterling, the yen and the dollar and this adds value to the goods even though in volume terms there is no increase.

The fact that engineering exports have not done very well can be gauged from the declining share of engineering goods in the country's total exports. They fell below 10 per cent during the last four years and dropped to 8.4 per cent in 1987-88 from a high of 13 to 14 per cent in the early eighties. The share of engineering goods in non-traditional exports, which stood at 26.6 per cent in 1980-81, declined to 19.5 per cent in 1985-86. In the mid fifties, about 88 per cent of engineering exports consisted of light engineering consumer durables, but in 1987 the same accounted for only 46 per cent. Now, capital goods account for 35 per cent of total exports, while primary steel and pig-iron-based items (12 per cent), non-ferrous products (2 per cent) and management and technical services (5 per cent) account for the remainder.

Also, just 10 countries accounted for 62 per cent of total engineering exports in 1987 with the Soviet Union topping the list with 28.7 per cent, followed by the US with 10.6 per cent.

The dismal performance of engineering exports is largely due to the apathy of large engineering companies towards exports. According to the Engineering Export Promotion Council (EEPC) just 200 companies account for 80 per cent of the country's engineering exports. Surprisingly, the small scale sector accounts for 45 per cent of total engineering exports.

In a recent study, entitled "Role of large and small firms in India's engineering exports", Murali Patibandla argues that if large firms do not export, it is because of the industrial and trade policies followed by the Indian government during the last three and a half decades. These policies have encouraged large firms to be more inward oriented than small and medium firms. The study also reveals that exports are really only incidental to large firms and no real effort is made to increase them. On the other hand, small and medium firms which operate in a more competitive environment tend to minimise the risk of survival by being more efficient and export-oriented.

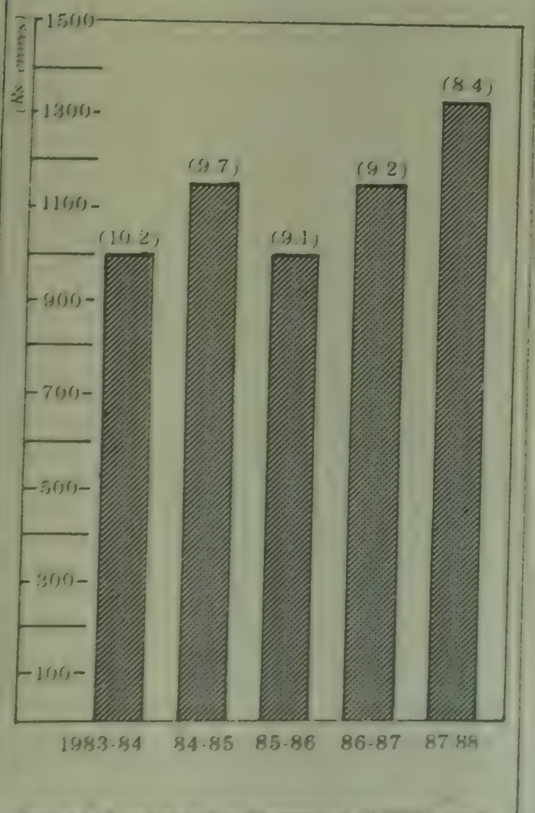
Clearly, past exhortations by the government to increase engineering exports have fallen on deaf ears. But the latest incentives like full excise relief for computer software and exemption of export profits from the minimum tax requirement under section 115J could prod some larger companies to make an extra effort.

The EEPC on its part has identified 88 engineering companies to receive special export incentives from the government. Currently these companies account for about 39 per cent of engineering exports and it is envisaged that this will increase to 43 per cent by 1991.

This course of action could bear fruit in the long run because, as the study by Patibandla clearly showed, exports of large firms can be increased by promoting their growth.

The industry has planned for an annual 25 per cent growth in exports till 2000 AD when engineering exports would reach Rs.8,700 crores. But even if this phenomenal growth rate is achieved, Indian engineering exports would account for only 0.23 per cent of world engineering exports.

■



figures in brackets indicate percentage of total exports

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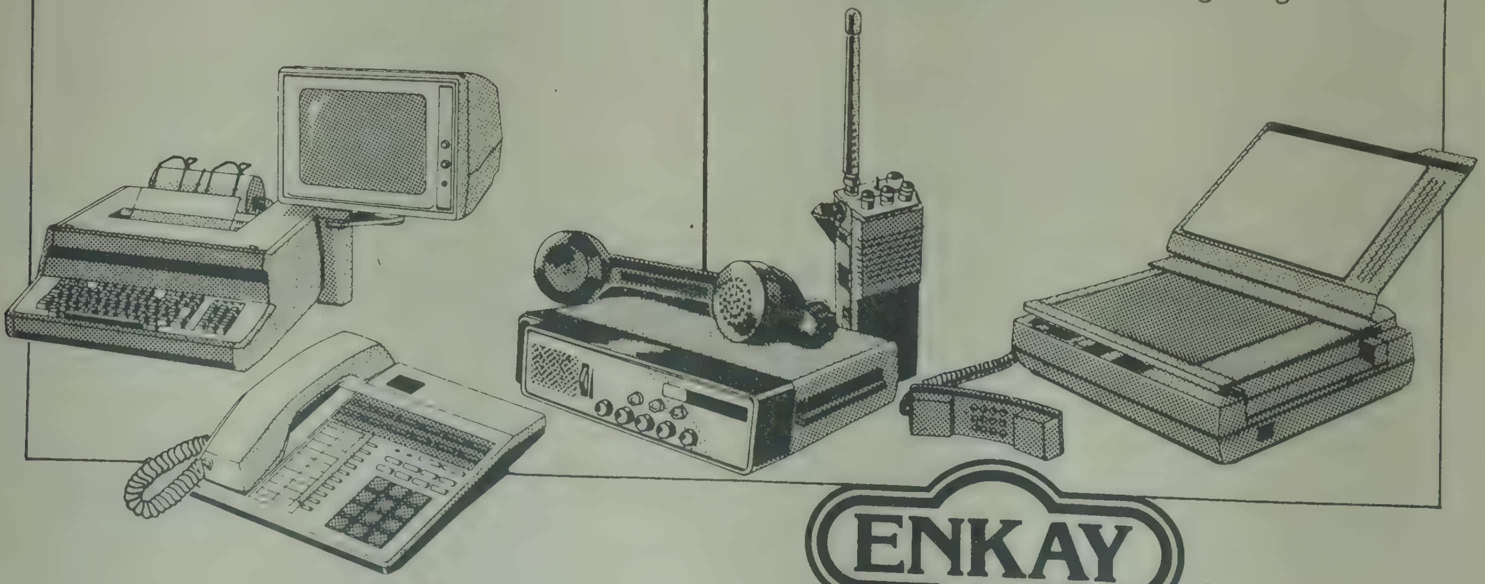

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The exchange crunch

Visions of steadily dwindling foreign exchange reserves are causing concern in the finance ministry. Other ministries that are proximate, in a functional sense, like commerce and industry, are also exhibiting the same concern. Though brave figures are constantly being trotted out about healthy trends in export performance, there is a worry in the bureaucratic by-lanes that all is not well on the trade front.

For a start, the steady rise of imports does not seem to be abating. In fact, by all accounts, as more of the recently liberalised projects get into stride and as more move on to the starting blocks, the hunger for imports grows. Despite all attempts, most projects have also stumbled in their efforts to stick to the phased manufacturing programmes that they had promised. Today, thanks to the Japanese government's arm-twisting, the rules that used to govern phased manufacturing programmes are pliable. The buzzword 'quality' has been successfully used to battle the orthodoxy on earlier norms and now flexible PMPs are the new order of the day. Projects that are currently being conceived apparently take full advantage of the government's current accommodating stance and there are indications that in some cases PMPs are expected to be virtually fully over at levels of imports as high as 40 per cent.

Equally potent, at least in terms of its impact on the external trade front, is the lackadaisical attitude currently being adopted towards projects that had promised exports. In a remarkable series of unnoticed disclosures government has revealed recently that there is little or no effective monitoring of projects that had promised exports. A wide variety of proposals that in a previous policy regime would not have merited even a glance, have in recent times secured approval on the basis of export commitments. Ranging from Kothari General Foods that is in operation for three years now to the proposed Pepsi proposal, a whole clutch of projects have been promising export bonanzas. Most of them, admit senior secretaries in the government of India, will never really export substantially. What is worse is the frank admission that nobody quite knows how many such promises have been reneged on. While the lack of knowledge about which promises have been broken is cause enough for concern, there is greater reason for anxiety. Officials in the industry ministry now openly assert that even if broken promises are monitored and noticed, there is little by way of legal avenues that are available to penalise such negligence.

As to questions about what all this could conceivably cost the economy, there are no definite answers. Only a kind of ominous stirring of activity in Washington that suggests one possible avenue of escape — a fresh IMF loan. Though everybody in the government is vehement in denying any such possibility, there are hints that such a prospect could be contemplated. If it does take place there will no doubt be howls of protest that liberalisation has led us into a debt trap. On the other hand, if government opts to stick by the courage of its convictions, this could well be sold as only one more instalment of the price the economy has to pay for the benefits of delayed liberalisation.

Party time

The song of unity that some opposition parties are trying to compose together seems to be having its own set of problems. Even before it could acquire the semblance of a tune, the discordant notes are audible to even the untrained ear. The pathetic sight of leaders with little public support propped up on their self-inflated egos is what the opposition still presents to the vast masses. Everybody it seems has memories of the Janata government mess and harbours therefore fears of how fragile such coalitions can be. Proving also thereby that public memory is not as brief as it is fabled to be.

But all this, they say, is only the deceptive exterior. Opposition watchers, who are usually in the know, insist that the patchwork party that is currently being sewn together actually does have some moorings in reality. There is talk, at least internally, of ideologies (something that only leftist parties ever claimed to possess in India, so far), of party programmes, and of inner party democracy. All of which is of course for the good, if and when an alternative party does emerge.

In the meantime, most of the attention is focused, in the personality-oriented media, on how the tiny leaders are sparring and jousting on their temporary turfs, blissfully unaware of the big wide world beyond.

Gloating at the misery of those who seek opposition unity must however be the only source of cheer for Congress party leaders. The effect of reverses in the by-elections and the steadily deteriorating trend in party morale continues unabated. While there have been persistent rumours that Rajiv Gandhi will undertake a major reorganisation of the party, the pressure to accommodate more of those that the system has already rejected must make any such exercise daunting. But, on the other hand, while Gandhi may plan to head for the hustings with this cabinet (which statistically speaking seems unlikely anyway), the current party line-up looks unpromising.

So, given the state of flux — real in the case of the opposition and potential in the case of the congress — the rocky path of party politics will be worth watching in the months to come.

The Reliance issue

Will Reliance manage to swing it again? There are hints in the finance ministry which suggest that the prospects of the proposal for removing income tax on dividends have improved in recent times. The betting now is whether the valiant efforts of the Ambani combine will win the battle against the Central Board of Direct Taxes (CBDT). The CBDT had, in a rare and uncalled for pronouncement, stated that it was against the proposal.

Given the size of the Reliance issue the need for substantial government support is obvious. Reliance already has, by a long chalk, the country's largest and most enthusiastic shareholder family. It is a family that has closed ranks in the past and is now poised to allow fresh entrants. The state of the share markets and the nervousness about the share prices trend will only serve to accentuate the requirements. Today the large body of investors require subtle sops before they are willing to bet fresh bucks on the market. And, as most officials know, the large body of Reliance investors is an enthusiastic but sensitive lot. So, the ministry will have to decide pretty soon whether it is going to sacrifice revenue considerations for ensuring the health of the market.

The fact of a new finance minister having come in and of the worry that any favour to Reliance will attract attention, are probably the two big hindrances to a quick decision on the dividend taxation issue.

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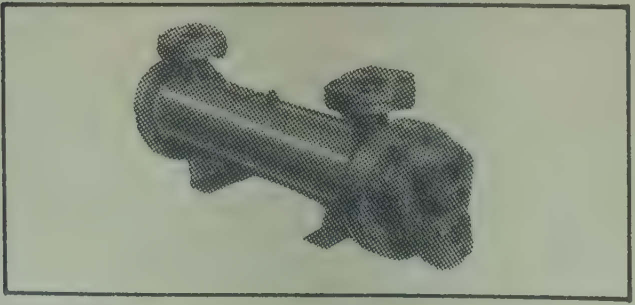

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SASI/PR/4/88

JASWANT SINGH

The author is a Member of Parliament

The Great June Revolution

On 28 June the nineteenth All Union Party Conference was inaugurated by the general secretary of the CPSU Central Committee, Mikhail Gorbachev, at the Kremlin Palace of the Congresses. In his opening report itself, the general secretary set the tone for what lay ahead: "The fundamental question facing us, delegates of the nineteenth All Union Party Conference, is how to deepen and make irreversible, the revolutionary restructuring that is unfurling in our country." That is why this particular conference might well get marked in history.

"It must be frankly said that we have underestimated the entire depth and seriousness of the deformations and stagnation of past years," is how Gorbachev dismissed the "great" socialist past of the USSR. Such a radical "demythification" by the principal leader of the Soviet State has many consequences. The most important is the psychologically devastating message that such an admission conveys to a people, indoctrinated for generations on tales of glory and triumph. At a more mundane level, the demythification has had piquant manifestations. This spring, perhaps for the first time ever, college and university students in the USSR were not able to take their traditional examination in the "History of the Communist Party of the Soviet Union". All the old texts having been thrown out and new "approved" history textbooks not yet having been written, the entire examination in history had to be abandoned. Strange to think that there is at present no "official" history of the USSR! An entire era of "institutionalised" lying and hiding of facts has ended.

It is revealing to catalogue even a few of the previously unimaginable things that occurred during this conference. Formerly sacred icons were destroyed; Gromyko's past was publicly questioned during the conference; Gorbachev was challenged to make his programme work; Yeltsin (the dismissed Moscow chief) argued his own case; and 250 odd members actually voted openly against the reforms themselves. And wonder of wonders, many of these astonishing happenings were shown live on Soviet TV.

An aspect that is perplexing is the quest for agricultural reform. "Everything," said Gorbachev, "depends on how collectively we will make people interested and organise the work of collectives on the basis of lease and contract... How extensively we will draw the workers in agriculture into this process and *make the farmer a genuine master*." The Soviet muzhik is to become a master at last but what will happen then? The critical factor here for success is not what a revolutionary Gorbachev wants, but what the Soviet peasant is capable of doing. Through Stalin's collectivisation and the massacre of the kulaks, all the successful Russian farmers were wiped out. What remains in the Soviet Union now are farm-hands who, as their serf forefathers did on private estates, work as hired farm-hands and labourers on state collectives. Collectivisation cost the USSR, amongst many other things, its tradition of family farming. Which is not to say that by making agricultural workers "genuine masters" a psychological transformation cannot be wrought. It can, over time. The anxiety is whether that time is available, and whether Soviet agriculture will be able to cope with the dislocation of change. At least until the transformation actually begins showing results.

Gorbachev attempts to answer some of these doubts himself: "This new thinking is not a closed and complete doctrine. It is dialectical which makes it possible constantly to perfect and develop policy in accordance with the course of actual life." Further, Gorbachev informs the Soviet people, "We are learning democracy at long last, learning to argue and debate and tell each other the truth... One has to have the courage to admit today: If the political system remains immobile, unchanged, we shall not cope with the tasks of *perestroika*." In moving phrases he then goes on to say, "Human rights in a socialist society are not a gift from the State and not anybody's favour, but the intrinsic quality of socialism." *Perestroika*, according to Gorbachev, is "engaged in the process of overcoming man's estrangement from power and politics". He has set the Soviet ship on a course where there will occur a severance of the rigid ties between the party and the State; as revolutionary a step as was the original establishing of these connections. And then in words that ought, perhaps, to move us here in India, General Secretary Gorbachev informed his country that "the main thing about a law-based State is the supremacy of law. No State body, official, collective, party or known governmental organisation and no person is relieved of the duty to obey the law."

I sorely wish that if for no other reason, then at least for this business of law applying to all, a bit of "*perestroika*" would happen in India as well. Perhaps the patent lawlessness of our political regime might be placed under some restraints.

Commenting on all this, the *Washington Post* becomes almost lyrical: "To be in Moscow now is to enjoy the unique exhilaration of walking through a moment that will be remembered in history... When events like this happened in Czechoslovakia, in the first half of 1968 — that became famous as the Prague Spring. This is Moscow Spring, and it is something to behold."

J K PAPER
LAKSHMI CEMENT

CHAIRMAN'S STATEMENT

At the 49th Annual General Meeting

I have great pleasure in welcoming you all to the 49th Annual General Meeting of your Company. The Directors' Report and the Audited Statement of Accounts for the year ended 31st December 1987 have been already circulated. To recapitulate the main points, sales and other income totalled Rs. 115.73 crores in 1987 and profit before interest and depreciation was Rs. 15.93 crores. It is a matter of some satisfaction that the Company was able to maintain its sales and profits despite the fact that it had to face several adverse factors during the year. Last year's drought, which was the most severe in recent times, acted as a damper on the off-take of industrial goods. Secondly, the large increase in the capacities of both Paper and Cement and the absence of demand in commensurate measure, resulted in low capacity utilisation, which led to reduced price realisation. Thirdly, there was a sharp increase in the input prices of different items which affected the operating margins. Last but not the least there was a marked deterioration in power supply position which affected operations and production. I am happy that the Company has been able to hold its own in the face of these challenges. This was possible because of improved efficiency and productivity and better management of resources.

Your Directors have recommended a dividend of 20%. It is no small achievement that we have been able to maintain a dividend of 20% for the eighth year in succession.

With the emergence of competitive industrial climate in the country, the significance of modernisation, technological upgradation and identification of new growth areas has assumed greater importance. Your Company has responded to this challenge. As part of our corporate strategic plan, we embarked upon the modernisation of J.K. Paper Mills at Orissa (most of the work has been completed) and are installing a size press to enlarge our product range and increase value addition at the Paper Mills. A new Paper Machine to produce Light Weight and Speciality Papers is being set up. This will commence production by the third quarter of 1988. At the same time, we have undertaken a balancing cum modernisation scheme at the Lakshmi Cement Division which will help conserve energy and raise plant efficiency and productivity. Blue Circle Industries p.l.c., UK are the technical consultants for this programme.

Outside our immediate product range, an Audio Magnetic Tape Project is under implementation at Surajpur in Uttar Pradesh. This plant should be ready for commissioning by the end of the year. The investment cost of modernisation, technological upgradation, expansion and diversification would be over Rs. 60 crores. The Company is also pursuing with the Central Government its applications for industrial licences for the manufacture of some Chemical and Petro-chemical items.

ECONOMIC OUTLOOK

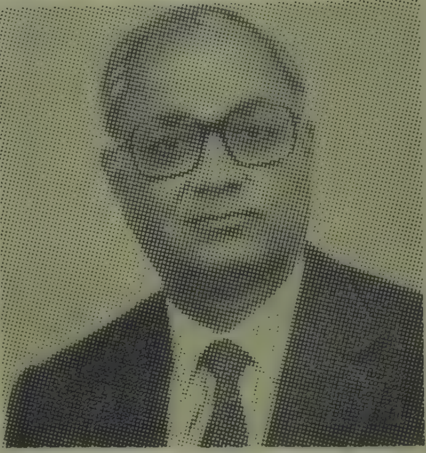
Before I outline the prospects for Paper Industry and Cement Industry and the challenges facing them, I would briefly set out some economic issues which have bearing on the working of industry.

In 1987 the country was ravaged by one of the worst droughts of recent times. The relief management provided by the Government under the leadership of the Prime Minister Shri Rajiv Gandhi pulled us out of a crisis of great dimension, which is indeed commendable. Your own company contributed its humble mite to reduce suffering at least in the region we operated our plants.

The Eighth Plan, now under preparation and the 15 Year Perspective Plan, envisage a bold growth scenario of 7 per cent, growth in agriculture of about 4.5 per cent and in industry of about 11-12 per cent. Industry stands four square behind the government and the people in our common effort to accelerate growth. I would like to underline my own and our group's commitment to making the Indian economy vibrant, such that by the end of the century, unemployment will be something of the past, living standards will be higher and quality of life vastly improved.

The series of steps taken, by way of deregulation of industry, broad-banding of production facilities, increase in the economic size of production, easing of technology imports and reductions effected in corporate and personal taxation rates, besides the introduction of 'modvat', have all helped create a favourable atmosphere for growth. As you know, the upper limits for industrial investment without licence have recently been increased, both in the centrally designated backward areas and non-backward areas. By the same logic, these facilities should have been extended to MRTP Houses and FERA Companies also. Perhaps, of even greater significance is the new concept of growth centres with all attendant facilities. This could witness the blossoming of new industrial units in a vast range of products. The whole series of steps taken with reference to imports and exports belong to the same genre. All the same, it is a moot point if this new culture of openness and liberalism has permeated government at all levels.

More immediately, number of restrictions on MRTP Houses and FERA Companies still remain. These should be removed, except where the products are reserved for small scale industry or restricted to Government for strategic reasons. I can understand market dominance related to the share of a company in a given product but the concept of monopoly related to the size of assets, even the revised size, has no economic significance. When emphasis is on growth, production of more goods, creation of more employment opportunities and increase in incomes, these vestiges of the past will hinder growth, not help it.



Shri Hari Shankar Singhania

In this context, I visualise the need for growth led exports to sustain imports of capital equipment and raw materials which are of critical importance. This is apart from the need for servicing the growing foreign debts. Exports will have to increasingly originate in the manufacturing sector and not be just confined to leather and leather garments, fabrics and readymade garments, gems and jewellery but embrace more varieties of engineering and chemical goods with larger value addition.

The scenario of 7 per cent growth requires massive investment, besides using the facilities already created more efficiently. With the situation we have, of government and public sector undertakings making larger and larger drafts on monetary savings and financing current revenue deficits from market borrowings, corporate and non-corporate investments will be under severe resource constraint. True, term lending institutions have played a significant role in the financing of investment. Bank credit to industry as a percentage of total advances given, has however, been on the decline. Industry will have to depend increasingly upon the capital market for resources, because its "own" funds will not be adequate. This would require a buoyant capital market. I am glad that it is receiving increasing attention from the Government. However, much more remains to be done in the context of investment requirements of the Eighth Plan. Why should there be any hesitation in allowing the private sector to have Unit Trusts? More innovative and new instruments will have to be thought of to mobilise larger volumes of savings. In the ultimate analysis, it is the bottom line of the Balance Sheet which is of crucial importance to the investor. Equally the investor must have confidence in the continuity of Government's fiscal and monetary policies and have a definite feeling that his capital will grow.

Savings of 20-22 per cent for India are no mean achievement. To sustain growth at 7 per cent, savings of a larger order will have to be generated. This is based on the assumption that the high incremental capital-output ratios (ICOR) of the past will continue to rule. With better planning of projects and their timely completion as well as proper utilisation of capacities the ICOR will come down. The

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present ICOR of 5 to 1 is high by any reckoning and should at least be on par with the ratio in South Korea at 3.5 to 1.

Unless project costs, particularly where import content is large, are kept in check with suitable adjustments to customs duty, and interest costs—both long and short term—are lowered, costs would remain high. Indeed these have led to the high cost situation prevailing in India which has priced out our products in foreign markets. Plans to reduce the ICOR would be defeated if corrective steps are not taken to reduce capital related costs.

PAPER INDUSTRY

In my address last year, I had spoken at length about the urgent need for the Government to take a serious look at the viability of Paper Industry. It suffers from a number of problems that are common to many industries, such as technological obsolescence, sluggish demand, poor profitability and high cost structure. Although Government is fully aware of these conditions and paper industry has been showing signs of deterioration, no long range or concerted policy has been so far evolved to place the industry on an even keel. This has to be done at the earliest.

The main problem lies in its highly capital intensive nature and the critical shortage of raw materials. Relief measures that have been extended, such as excise concession on the use of unconventional raw materials in the manufacture of paper, and liberal and duty free import of pulp and cellulosic raw materials, have helped to mitigate the shortage of raw materials to an extent. The basic problem, however, remains.

Strategic planning demands that Paper Industry is self-reliant in the supply of raw materials and depends upon indigenous materials provided at competitive prices. Provision of infrastructural facilities is the responsibility of the Government. The large integrated paper mills in our country have been traditionally linked with forests for their raw material requirements. It was for this reason that the Seventh Plan recognised the need for promoting captive plantations either by paper mills themselves or in the joint sector with the participation of the State Governments. Initially this evoked good response and there were encouraging trends in the implementation of the scheme. Some State Goverments had even allotted waste lands to paper mills for raising plantations. NABARD had also come forward to finance the plantation activities. But before any worthwhile progress was made, the government has gone back on the policy of captive plantations. State Governments are reported to have been advised by the Central Government not to permit any plantation by Industry, either by itself or in joint sector. This is a highly retrograde step. Uncertainty in the supply of raw materials has crept in, due to the complete reversal of Government's policy. Without adequate indigenous raw material resources, paper industry is bound to be pushed into an era of raw material shortage and will be forced to depend more and more on imports, which will be a drain on our foreign exchange resources and not in our long term national interest. I would most earnestly request the Central Government to examine the whole policy frame and allow the industry to raise plantations.

By applying the advances in research in bio-technology, such as tissue culture, it has been possible for other countries, to increase manifold per hectare yields. There is no reason why India cannot do likewise. In fact, the land area required for plantations under advanced techniques will not be large. In my view, the raising of captive plantations would increase green cover which is the legitimate concern of us all.

In a recent move the Government of Orissa has declared its intention to nationalise the bamboo forest working. It is feared that this move will substantially raise the cost of bamboo and also affect its availability in sufficient quantity. This will go counter to the Government's policy to liberalise the economy and increase productivity. I urge the State Government to reconsider its decision.

The use of wood in packaging of fruits, vegetables and other products must give way to paper cartons and packages. It will result in significant conservation of scarce wood and also provide better and more secure packaging material. The State of Himachal Pradesh must be complimented for taking the initiative in this matter, which should widely and expeditiously be emulated by others. Also, this development would provide new outlets for the paper industry. Industry should also come forward to take advantage of the emerging opportunities in the field of communication, industrial packaging, etc.

Demand for paper is lagging behind supply and the industry is working at less than 60 per cent of its installed capacity. On the other hand almost 2 lacs tonnes of newsprint is allowed to be imported. Indian Paper Industry is capable of manufacturing paper for this use. In fact, it has done so in the past. It is paradoxical that we should keep our existing capacity unutilised and waste precious foreign exchange on imports.

Though the Development Council for Paper, Pulp and Allied Industries had outlined a set of recommendations to speed up modernisation, it has not been possible for many units to give effect to them. Per unit costs of investment have been increasing over the years and with the present rate of realisation, investment of the order required to modernise the mills becomes unremunerative. Modernisation on the scale that is suggested requires additional concessional finance from term lending institutions as also reliefs in excise and import duties.

CEMENT INDUSTRY

Cement is one of the basic and capital intensive industries of the country. After years of stagnation, in 1977 the industry was provided stimulus by the Government by assuring a 12% post-tax return on new investments. This process was accelerated through the introduction of partial decontrol in 1982. Encouraged by these pragmatic policies, new investment amounting to over Rs. 3,500 crores was made in the cement industry, raising the installed capacity to 54 million tonnes by 1987 end. Production was 38.5 million tonnes in 1987. Happily, the era of shortages has given way to surpluses. However growth in demand has not kept pace with availability. Cement industry alone is contributing over Rs. 1,000 crores per annum to the national exchequer by way of excise duty and sales tax. Yet the present position of the cement industry is none too happy, what with high capital related costs and increases in the cost of inputs due to hikes in administered prices of power, coal, railway freight and levy on limestone royalty, etc. There has been no corresponding increase in the levy price of cement and the realisation on non-levy cement continues to be unremunerative. As a result, most of the cement units are incurring losses.

The new cement units, which came into production since 1982 with much higher investment cost, are particularly facing difficulty arising out of high depreciation and interest charges. The excise duty rebate presently granted by the Government to such higher capital cost units is totally inadequate. Therefore, the need of the hour is that the Government urgently grants adequate excise duty rebate to the post-1982 cement units, so that they do not turn sick. The Government should continue the earlier policy thrust and enable the new units remain viable, such that further investments are encouraged to meet future needs.

In the changed cement availability scenario, from scarcity to plenty, Government should give serious thought as to how best to stimulate demand for cement. Programmes such as house construction schemes in both rural and urban areas to provide shelter, construction of concrete roads which will prove to be economical in the long run and lead to fuel saving, lining of canals and irrigation channels by concrete to prevent the seepage of water, manufacture of concrete railway sleepers for preserving wood for ecological balance, building of cement silos for storage of food grains for better preservation, etc. would, not only result in increased demand for cement, but also generate additional employment. In spite of the present difficulties, I believe that the future of cement industry is bright. Considering that per capital consumption of cement is low and also considering the recent measures of the Government to boost housing activity, one can reasonably expect that demand will rise in the near future.

ACKNOWLEDGEMENTS

Before I conclude, I would like to take this opportunity of expressing my appreciation to all the workers, staff and officers for their hard and dedicated work. I would also like to thank the Financial Institutions, Banks, State Governments and the Members of the Board of Directors for their continued support and cooperation extended to us.

This does not purport to be a record of the proceedings of the Annual General Meeting.

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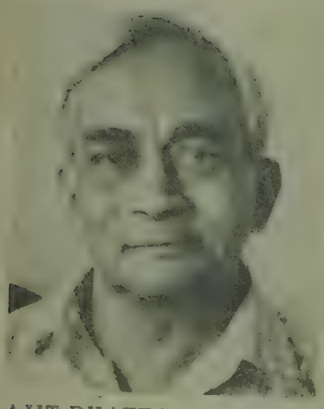

AJIT BHATTACHARJEA

ENVIRONMENT

Organising villages against "development"

For the last 40 years, I have covered wars, insurrections, riots, satyagrahas and other forms of social violence and tension. But never have I felt so personally threatened and faced so much hostility as when a bunch of KPL (Karnataka Pulpwood Ltd) toughs held up my taxi at dusk on a remote dirt road three months ago.

The incident illustrates how passions have been aroused by KPL operations, which were justified in Bangalore as bringing prosperity to rural Karnataka. I was present when the agitation against KPL began in Kansur, a village in the area, on 14 November last year. To appreciate the importance of the Kusnur satyagraha, one must realise what the gradual seizure by KPL of 30,000 hectares of common lands means to the rural poor. As I explained in my articles in *Deccan Herald* (19 and 20 November), before the takeover, "Cattle and sheep could be grazed there; local craftsmen could gather the grasses and vines needed to weave baskets and mats; women could gather branches and leaves for cooking fuel; seasonal fruits and herbs could be picked free.

POOR HURT

"Since the area was planted with eucalyptus saplings, the poorest villagers have been hardest hit. Nothing else grows where eucalyptus is planted; no grass, no undergrowth, no flowers; no animal will touch its bark or leaves. No birds sing, for no birds will nest there.

"Eucalyptus trees only satisfy the enormous appetite of the Harihar Polyfibres plant 90 kms away. Huge tracts of forest land throughout the region have been converted into eucalyptus plantations to feed the Birla-owned plant which produces the fibre needed to manufacture rayon and other synthetic materials."

KPL was set up on 14 November 1984, by the Janata government "for the sole purpose of growing eucalyptus and other fast-growing varieties... for the captive consumption of Harihar Polyfibres". The original agreement to supply pulpwood to Harihar Polyfibres was negotiated by the previous Congress(I) government in the state. KPL was needed when the demand greatly exceeded supply. The area originally meant for KPL was less than 10,000 hectares, but was more than trebled to match the plant's requirements.

The land handed over to KPL is officially described as "C and D class" as well as "degraded forest lands". But during a tour of the area, I found rich forests also being bulldozed. In some cases, they had been described as degraded by Forest Department officials. Others represented the discretion given to the Chief Conservator of Forests to approve "adjustments... so as to make a compact block of plantation areas".

The eagerness to hand over land to KPL arises both from the Birla company's clout and the private benefit of selling timber from land classified as degraded by a notoriously corrupt Forest Department. But with both major parties involved in the deal, MLAs have kept clear of the dispute.

Even so, the stir created by KPL's terror tactics, and my further articles in *Deccan Herald* (5 and 6 May, 1988), created fears of a major confrontation during the next satyagraha planned for 20 June. Village leaders and SPS activists were invited to meetings with the state chief secretary and other officials at which it was agreed that the satyagraha would be called off in return for the appointment of a one-man committee consisting of the noted environmentalist, Madhav Gadgil. The committee was to inquire into the issue and report within three months, and in the meantime KPL operations in Dharwar district would be stopped.

Once the satyagraha was suspended, however, the officials began to backtrack. When KPL continued operations in Dharwar, contrary to the agreement, the deputy commissioner confessed that he had received no official orders to stop them. Gadgil was contacted on the phone but not formally invited to constitute an inquiry. Finally, though the state development commissioner had written to SPS that the inquiry would receive "the highest consideration," the forest minister announced on 12 July that there was no proposal to appoint a committee at all.

NEW SATYAGRAHA

Having realised how little trust can be placed on verbal assurances, residents of the Kusnur complex of villages are preparing for a renewed uproot-and-plant satyagraha on 8 August. They realise that victories cannot be won so easily over powerful political and industrial interests on an issue which will have repercussions throughout the country.

SPS has also taken the issue to the Supreme Court and won a stay order. It tries hard to work within the law and to focus public opinion on major issues usually ignored by the urban press. On its success, and that of other non-party social organisations like it, may depend the fate of a democracy entirely corrupted by partisan politics.

The author is editorial adviser, The Deccan Herald

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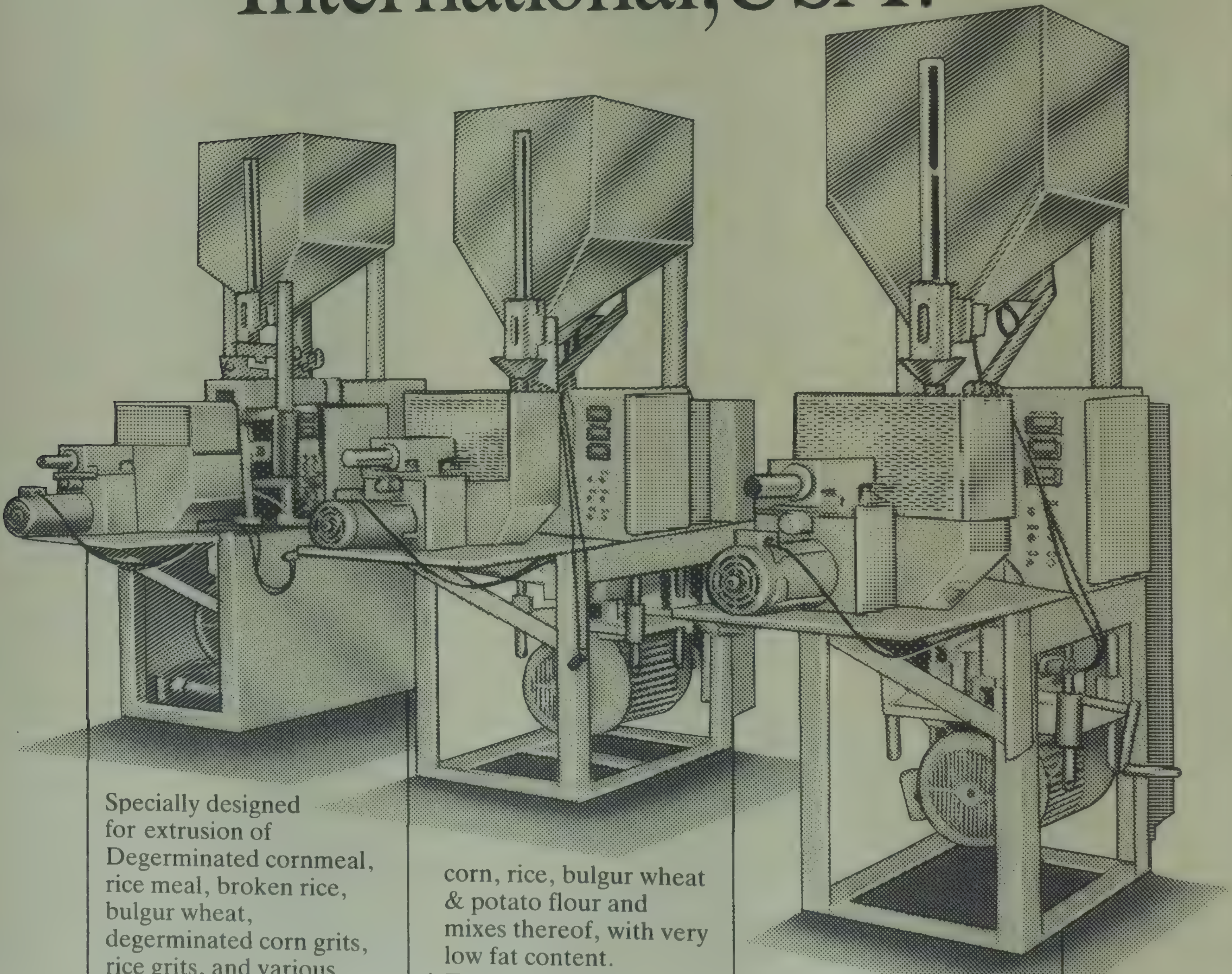

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SIDNEY PINTO

THE STOCKMARKET:

Why there are few winners

In its issue of 24 June *The Times of India*, Bombay, had a front page article by Tapan Dasgupta of its New Delhi bureau on how newspapers are misused to float rumours aimed at influencing share prices. There was nothing new in the grievance as the practice has always been an integral part of the stockmarket environment in India. What made the report in the *Times* ironic was what was happening in its sister publication.

On 14 June, "City Diary" of *The Economic Times* reporting a decline in share prices said that Telco was one of "the worst sufferers with the quotation declining sharply from the weekend level of Rs.645 to Rs.627.50. The shares were placed still lower around Rs.615 after the close of the session... It is now rumoured that the company's net profit for the year ended 31 March 1988 would not be very high in view of the need to provide large depreciation. It is therefore felt that the increase in the dividend distribution for 1987-88 would be relatively small. As is known, the company's board is meeting on 21 June to consider the accounts and decide on the dividend for 1987-88.

The "City Diary" is highly regarded by investors, not so much perhaps for its profundity as for its apparent omniscience. Naturally, on 14 June the share prices of Telco tumbled: Rs.627.50, Rs.620, Rs.596.50. A cool Rs.16.49 crores had been skimmed off the market valuation of the company, a part of it no doubt changing hands in the market — quite fortuitously as it turned out.

On 21 June, "City Diary" without any attempt at reconciliation with its exactly opposite comment of 14 June, reported: "The Rs.100 fully-paid-up Telco shares have recovered from the weekend level of Rs.627.50 to a high of Rs.650 before reacting to close at Rs.635 on the eve of the company's board meeting to consider the accounts and decide on the dividend for 1987-88. Indications are that the dividend for 1987-88 would be stepped up considerably from 10 per cent paid for 1986-87 in view of the sharp recovery in the company's earnings...

"What is more, the outlook for the current year is more promising as the demand for vehicles continues to be quite brisk..."

The board meeting was held on 21 June and on 22 June, "City Diary" reported: "In an otherwise depressed market, the Rs.100 fully-paid-up Telco shares have ruled fairly steady around Rs.635 on fresh buying in the wake of encouraging results announced by the company. The directors of the company have proposed to restore the cut in the dividend by declaring a dividend of 23 per cent for the year ended 31 March 1988, against 10 per cent paid for the previous year.

"The company has earned a substantially higher gross profit of Rs.70.27 crores, against Rs.24.50 crores for the previous year. The company's sales have increased to Rs.1,402.55 crores from Rs.1,196.89 crores," etc, etc.

The Economic Times's case illustrates only one facet of the investor's problem: the absence of timely and accurate information. I had once written that a punter on the racecourse has better information on the pedigree and performance of a horse than the investor has about a share or a company on the stock exchange. Worse, the information he has is often misleading as in *The Economic Times* report of 14 June. But this was not a unique occurrence.

Capital Market, in its issue of 6-19 February 1987, answered a query from a reader about the shares of Abbott Laboratories. After giving a highly critical but accurate analysis of the track record, the magazine, which is not simply the best but in fact the only "scientific" journal on the capital market, said that the working results for the year ended November 1986 would be out shortly and "as the working is expected to be better, higher dividend can be possible" (sic). In actual fact, Abbott's only factory, situated in the same city as *Capital Market* had stopped production from the end of November 1986 on account of labour trouble and the company was heading for a whopping loss of Rs.46 lakhs.

If the experts have such difficulty in gaining access to accurate information, what does an ordinary investor do? The answer is not encouraging: there is really no way of attaining an optimum level of communication where all investors are placed in an equal state of knowledge. All that can be done is ensure that distortions are reduced.

Twenty years ago, I had recommended that listed companies should be compelled to inform the stock exchange immediately on there being labour trouble or industrial unrest, an accident in the factory, or any such event which disrupts production and is likely to affect the financial results of the company. But even today the listing agreement only requires the company to report any proposed change "in the general character or nature of business".

As a rule, the tendency in India is to comply only with whatever is mandatory. An enormous amount of time and effort is expended by the management in ensuring that as little information as possible is disclosed to the shareholders. I have come to the sad conclusion that most company managements are not only not inter

The author is a pioneer of merchant banking in India. He worked with Grindlays Bank. Currently, he runs his own financial consultancy, MBD Services (P) Ltd. Bombay ested in keeping their shareholders informed of what is going on, but even treat them as adversaries.

We talk so much about the necessity for openness in formulating the Union budget, but are totally unwilling to shed our fetish for secrecy about the board's deliberations on the annual results, bonus and other matters. This is an incitement to rumour and leakage.

What happened in 1972 in Hoechst Dyes and Chemicals (as it was then known) is a rare occurrence. The public issue of shares was due to be made and already the unofficial premium was Rs.32. The chairman, Arvind Mafatlal, issued a press statement warning the public that he did not think such a premium justified. More recently we have the remarks made by the chairman of Tata Tea, Darbari Seth, at the AGM in June 1988. Seth was disarmingly frank about the negative and positive aspects of the company. It was at this meeting that he interrupted the proceedings to announce, nearly two months in advance, that the board would meet in August to consider an issue of bonus shares.

The directors' report of WIMCO for the year 1987 is a model of openness. For contrast see the report of Zuari, also for 1987. Profit before depreciation and tax was down by almost 70 per cent and PAT by over 50 per cent. There is not one word in the report that refers directly to this. Under the title "Marketing", the report talks of the bad monsoon and refers to sales being lower than last year because "(a) pool area marketing was restricted due to freeze imposed by GOI"; (initials GOI not explained), "(b) supply allocations under Essential Commodities Act did not cover our entire production". What is a lay shareholder to make of all this jargon? Isn't it sheer obfuscation? Incidentally, the report begins with the cliche: "The directors have pleasure in placing before you ..." What pleasure can there be in presenting a report with your profits halved for a reason which you cannot explain in simple language?

Unfortunately, nothing that company managements, with all the goodwill in the world, may devise can protect the investor from the distortions caused by deceit and manipulation. This is what happened in the so-called boom of 1985-86. There may have been notable exceptions but, generally, the brokers did not give their smaller clients the benefits of the correct price. You were lucky if you found a broker who was interested in carrying out orders for 100 or 200 shares. Let us suppose you did. And let us suppose you gave a sale order for 100 shares at "best price" between Rs.105 and Rs.115, the previous day's closing price being Rs.107. Let us say, the price did go up from Rs.107 to Rs.120. What was done was as follows: your 100 shares would be shown in the book as being sold at Rs.110, the buyer being 'A', supposedly another client of your broker. 'A' would then be recorded as having sold the same shares at say, Rs.118, Rs.119 or Rs.120. 'A' being a benami of the broker, the difference between your sale price and his would be pocketed by the broker. And vice versa for a purchase. In the ballyhoo of 1985-86, this may not have hurt, but when the practice is followed even now, it does. The boom of 1985-86 has vanished like the Cheshire cat leaving behind only the grin — the grin on the face of the brokers who are the ones who made the money.

The scope for manipulating prices in the stockmarket in India is enormous because almost every activity is controlled or regulated by the government in some way or the other and the slightest change, or even the expectation or rumour of change, can affect the fortunes of an industry and, therefore, the trend of share prices. That is why it is so easy for someone in power in Delhi to manipulate the market and it is no secret that this is exactly what has been done for years.

There is one other potent cause of price movements: the syndicate. There are bear and bull syndicates. They operate in shares in which there is general investor interest and in which fluctuations are volatile. This works both ways. Shares are fancied for purchase, because buyers feel that the price is being supported or pushed by an interested party. The activity of the bull operator only adds substantially to the momentum. Similarly, the other way round. Anyone who has any familiarity with the working of the sharemarket soon discovers who is pushing what up and who is hammering what down. The same broker who is pushing Telco up, may also be pushing up SKF Bearings and Finolex Cables and hammering Tisco down. The stock exchange authorities probably know who is doing what but seem paralysed about taking action.

Changes or threats of change in government policy (or hints to this effect from public figures), spasms of bulk buying or selling by the financial institutions in unison (when it is only for bolstering prices or for pushing them down and unrelated to the intrinsic worth of the shares) and rigging of prices by bull and bear syndicates, are distortions too sharp for the conventional theories of share price analysis and forecasting to absorb.

The question is, what does one do in this sort of a market? A truthful answer would be that the only way one can reasonably hope to win, or at least avoid losing, is to hitch one's wagon to that of one of the bull or bear syndicates. The other alternative is to blindly back Reliance, because no matter who comes to power in New Delhi and who does what in this topsy-turvy country, Dhirubhai Ambani always lands firmly on the ground, right side up. For the rest, investing in the Indian stockmarket is like playing darts without knowing what or where the target is.

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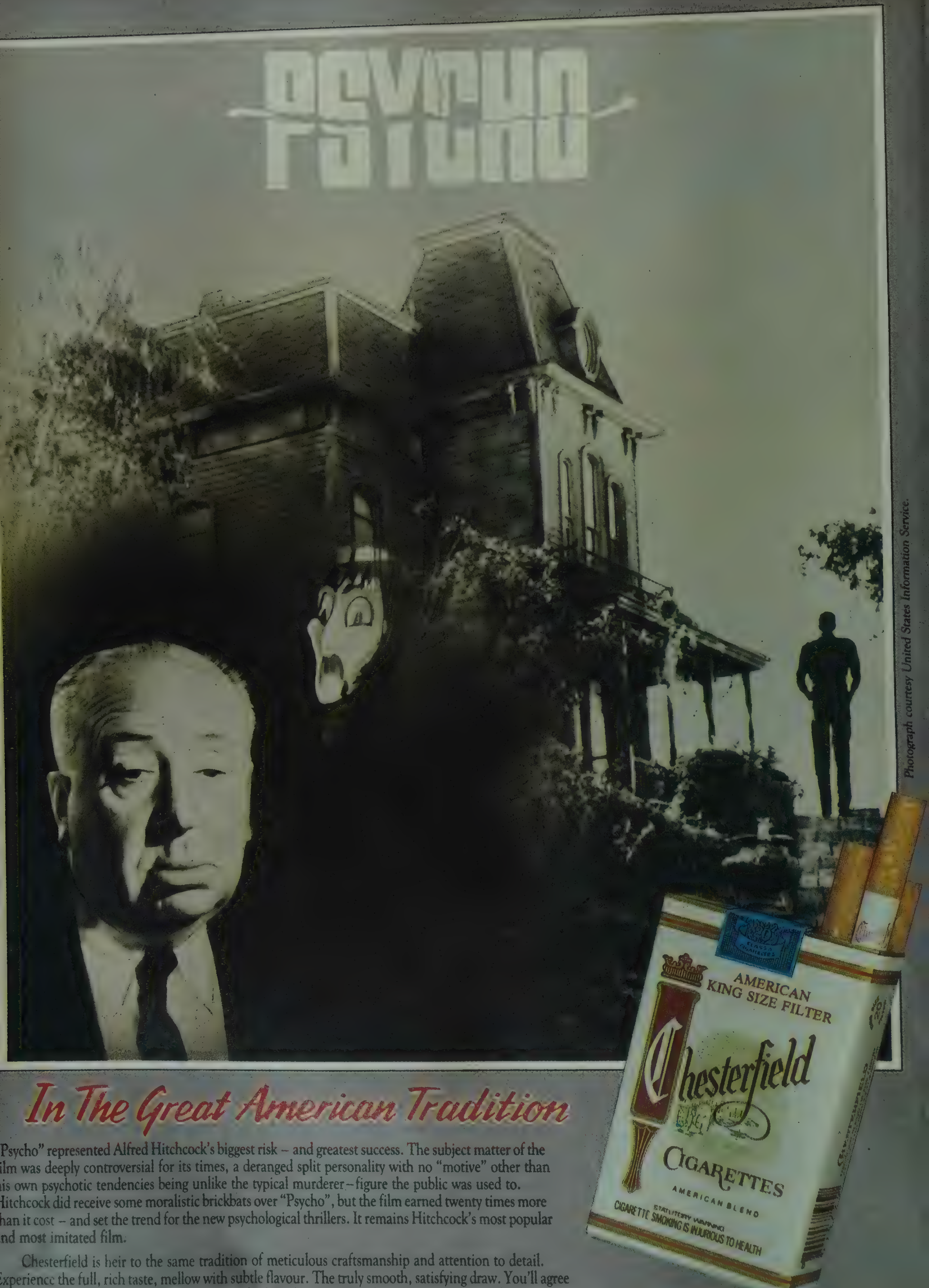
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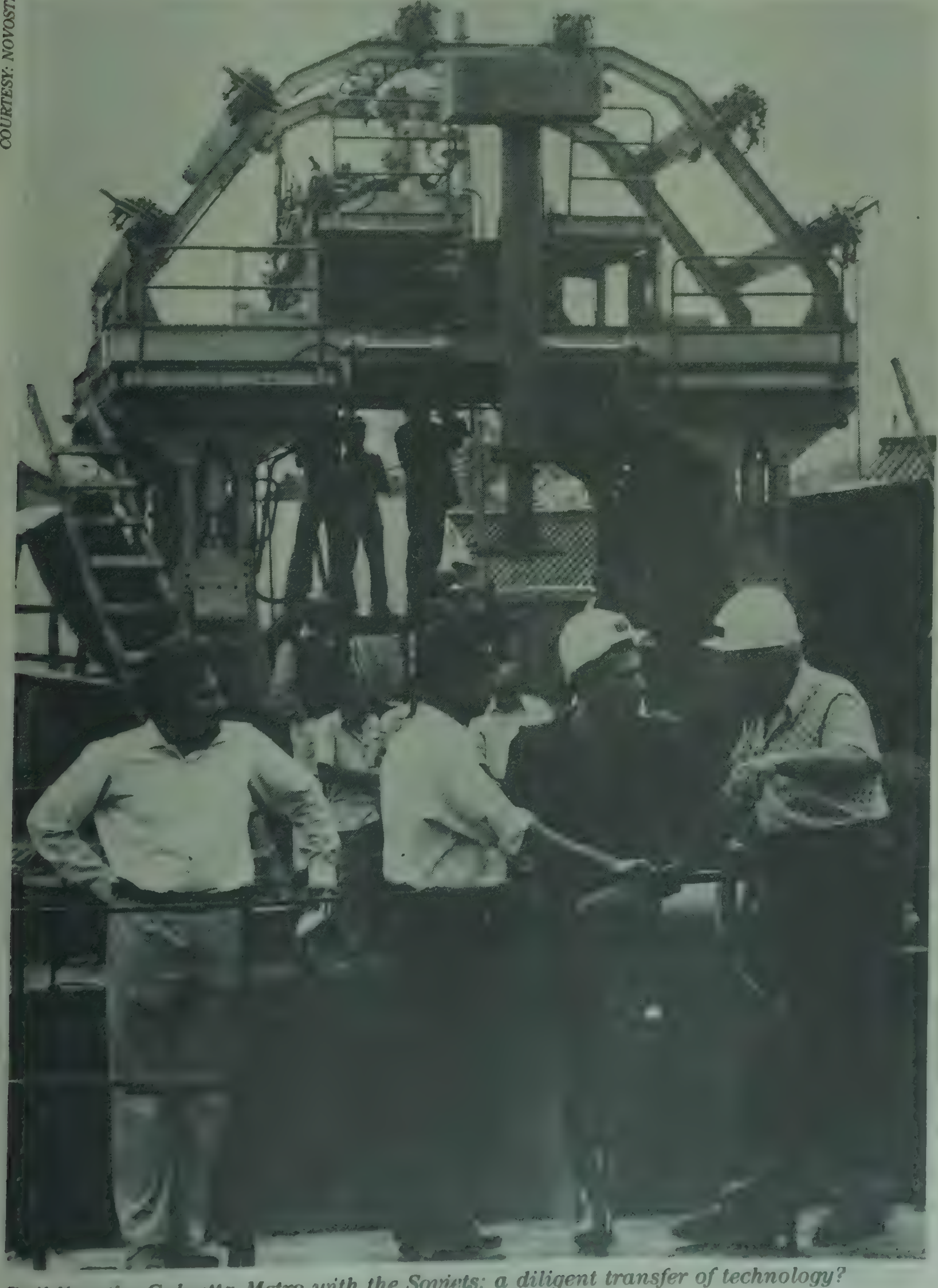
INDO-SOVIET TRADE

How much more?

A convergence of economic and political interests gave birth to the Indo-Soviet trade relationship. Trade, which has been growing rapidly since the fifties, is now plateauing off. Nevertheless, the recent changes in Soviet economic policy could give a new impetus, especially to the Indian private sector's trade with the USSR

Socialist states are facing a crisis of economic viability. Long years of being sheltered and protected has rendered their resulting high-cost, high-price economies effete and socialist governments, with too great an ideological and emotional investment in the system are, desperate. Desperate enough, in any case, to cast about for decidedly capitalist correctives. Whether it be Mikhail Gorbachev in the USSR beating the glasnost-perestroika drum or Rajiv Gandhi in India attempting to dismantle the licence-control raj, there is no getting away from the fact that socialist as well as pseudo-socialist countries now realise the need to de-regulate, to become more like their free market counterparts to survive, let alone prosper.

COURTESY: NOVOSTI



Building the Calcutta Metro with the Soviets: a diligent transfer of technology?

But change is over the long haul and Messrs Gorbachev, Gandhi, et al, have to contend with the imperatives of a closed economy. One of the consequences of a closed system is the perennial shortage of foreign exchange owing to the inability to export because of low productivity and high prices. So socialist states without the wherewithal to sell and, therefore, to buy abroad, fall back on relatively primitive trading patterns, like barter, among themselves. Indo-Soviet trade has to be seen in this context because the engine of this bilateral trade is the rupee payment arrangement, which is both a clearing scheme and an accounting procedure for essentially barter trade. If there were historical reasons for devising this trade arrangement, there are political reasons which sustain the system today *(see box 1)*.

In essence, Indo-Soviet trade works this way. India buys goods from the USSR and pays in rupees which the USSR in turn uses to make purchases in the Indian market and to square the account. Frequently, easy credit is extended by the Indian or the Soviet government to customers in the other country to facilitate certain deals, and the annual repayment of credit is added to the rupee quantum the creditor nation has at its disposal. Thus, in theory at least, this arrangement is all mutual gain and no loss, and costs nary a paisa nor a kopeck by way of hard currency to the Indian and the Soviet exchequers.

"The trade is highly beneficial from India's point of view," says Santosh K. Mehrotra, a Soviet trade specialist in a ministry of external affairs-funded but inelegantly named thinktank, Research and Information System for the Non-aligned and other Developing Countries, "because we are getting the same sort of prices for the goods we are exporting to them that we might elsewhere, we are exporting goods in addition to what we might have done otherwise, importing items like oil and arms we would be paying hard currency for and, at the same time, we have a secure market, a captive arket, because what we are doing par- lly through trade is also paying for viet developmental assistance on the e hand and military aid on the other."

The Indian economy, like other late arters, has been caught between the ability to export when trade barriers ere negotiable in developed countries to w when protectionism has blocked the port channels. Under the circum- ances, the controlled Soviet market rown open to Indian produce and man- acturers has proved a boon. The rupee yment scheme, with Russian conniv- ce, created an instant export market, rcing Indian producers and manufac- rers of goods to react to its lucrative tential. It gradually strengthened the dian export capability, which if still ready to storm the free market bas- ons in the West, is a vast improvement the laughable incompetence that pas- d for export expertise in the fifties.

COURTESY: NOVOSTI

A convergence of economic and political interests

H.S. Sandhu, chairman of Chinar Ex- rts Pvt Ltd, one of the biggest trading uses doing business with the USSR, lates horror stories, like how in the first w consignments of Indian shoes to the viet Union, the customers at that end uld not distinguish shoes meant for the ght foot from those meant for the left ecause the shoes were not cut to con- rm to the anatomical difference! "They have given us practice for 20 years, enabled us to be in a position to compete with the best," says Sandhu. "This is as true of shoes, as hosiery and a number of other items. Most of the hosiery production goes to the Soviet Union. Ludhiana is entirely built on the woollen knitwear trade with the Soviets. So much so, we now have designs which sell in a small way in Paris."

V.I. Nazarov, head of the economic division in the USSR Trade Representa-

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BOX 1

History and politics

The genesis of the rupee trade lies in the convergence of two developments in the years immediately following India's independence. One was the lack of appreciation by Western governments that in the absence of private investment capital, with which to lay down an industrial base, the Indian government had willy-nilly to take the lead in establishing the core sector industries — iron and steel, power, oil, heavy engineering in the public sector.

The United States' unwillingness in particular to beef up the government-owned sector led to the gates being opened to the Soviet Union, who, sensing an opportunity, rushed in with capital, equipment, know-how, and a readiness to transfer technology. The Soviets helped set up 58 undertakings, including giants like the Bhilai and Bokaro steel plants, the heavy engineering plant in Ranchi and the mining and allied machinery factory in Durgapur.

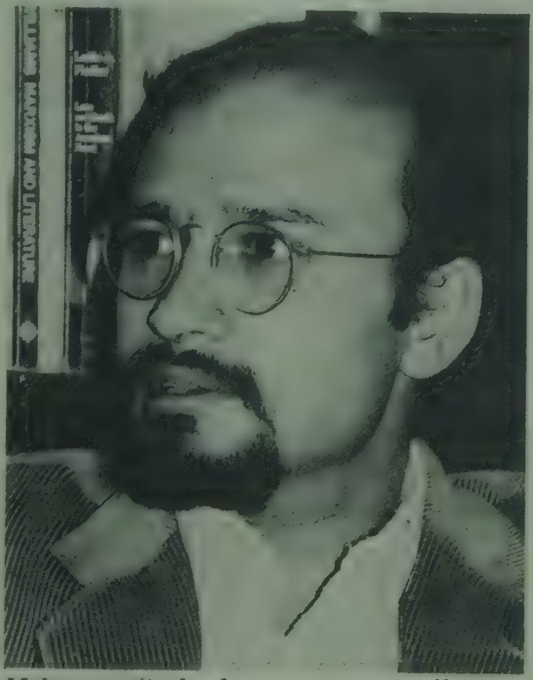
Rupee payment scheme. By the mid fifties, just as the first big Soviet-aided project, Bhilai, was getting underway, New Delhi discovered it had run out of sterling reserves accumulated during the Korean War, and had little to repay the Soviets with. The rupee payment scheme was then devised as a way out of the foreign exchange crunch. It became the vehicle for Indo-Soviet trade. Says former foreign secretary, A.P. Venkateswaran, "We could now deal without the constraints of foreign exchange which was in itself helpful. But even more importantly because they were blocked funds, there was a built-in trade promotional measure in our favour. The Soviet Union and the other East European countries having sold things to us, had to look around and buy things from us — even today we are not good salesmen — so it was a very helpful way of our having balanced trade with these countries without too much strain."

How much of a fillip the rupee payment proved may be seen in the phenomenal increase in Indo-Soviet trade. From virtually nothing — Rs.1.3 crores in 1953 — it has risen to Rs.2,945 crores in 1986-87. And according to the seventh five year trade plan the trade volume is to rise to Rs.5,000 crores in 1987-88 and Rs.10,000 crores by 1992.

The composition of the trading basket too has undergone a change. While Soviet machinery and equipment, initially to build up the Indian heavy industry base, constituted between 50 to 70 per cent of the imports to India in the first decade and a half, progressively they have been replaced by crude oil, petroleum products, fertilisers and non-ferrous metals by the late seventies. These primary commodities now comprise 80 per cent of the USSR's exports to India. There was a corresponding reversal in the type of goods imported from India. While the traditional "hard demand items" like tea, coffee, tobacco, spices, jute, tion in India, embellishes the point. "The Soviet Union has bought from India new items never previously exported to any market, like knitwear from Ludhiana, toiletries and cosmetics, and Rs.400 crore worth engineering items. On the basis of selling to the USSR, Indian exporters have managed to succeed and expand sales in the international market. But the first step of selling abroad is most important," he says.

If, as Abid Hussain, member, planning commission, is supposed to have claimed that "money is what money buys," then a case is also made by some that a rupee earned in trade with the Soviet Union is more valuable than the dollar secured in hard currency trade. "The rupee is a little better than the dollar," says Sandhu, "because with it India buys only those items it would in any case buy with dollars, and virtually anything the Soviets have by way of technology, industrial equipment, and military hardware — nuclear submarines, fighter aircraft and not just MIGs but also MIG factories, the sort of things some Western countries may give to Pakistan free-of-cost but will not sell to India even for dollars."

The validity of this observation has apparently sunk into even those who are ideologically opposed to the USSR and the concept of the rupee trade. "Within the constraints of the existing Indian economic system, this rupee payment-barter trade is convenient," says Jay Dubashi, member of the Bhartiya Janata Party's executive board.



Mehrotra: "a lot hems on perestroika becoming a reality"

While the criticism is muted about the rupee trade as a whole, there is some divergence in views about the quality of Soviet equipment and technology, whether in fact the Soviets invariably make available the best they have, and how well they transfer technology.

There is a near unanimity about the fact that Soviet technology is usually rather basic, the machinery not stylish to look at, but rugged, and as I.K. Gujral, Indian ambassador to the USSR in the seventies, describes it, "suitable for us, price-wise, credit-wise, and quality-wise." He remembers Raunaq Singh, chairman of the Raunaq group of industries and presently vice-president of the Federation of the Indian Chambers of Commerce and Industry (FICCI), rueing the fact on a visit to Moscow that he did not go in for Soviet tyre presses (for his Apollo Tyres Ltd) which were of comparable quality but boasted a price tag that was a third of what he paid to an American firm.

However, Raunaq Singh also holds the view that "Soviet machinery is good only in parts". "The machines they supply are dependable," he admits, "but the motors and controls they come equipped with are not so good. So what we do is buy the machines because they are very cheap and then put Indian motors, controls, etc on them, which works out cheaper than importing from the West or Japan." Raunaq Singh also faults the Soviets for copying from Western items ("Copied items can never be as good as the

leather items and woollen knitwear still make up the bulk of Soviet purchases, there has been a steady rise — from zero in 1965 to 16.6 per cent of exports in 1986 — in the Soviet demand for Indian finished products, mainly light engineering items.

The trade, as it has evolved over the years, features "complementarity" of the two economies with each filling in the gaps in the other. Besides, one of the peculiar aspects of Indo-Soviet trade is the senior partner, the USSR, does not conduct trade with an eye to profit, as much as to over-arching political gain. In other words, the "political understanding" between New Delhi and Moscow is the foundation on which the edifice of Indo-Soviet trade is built.

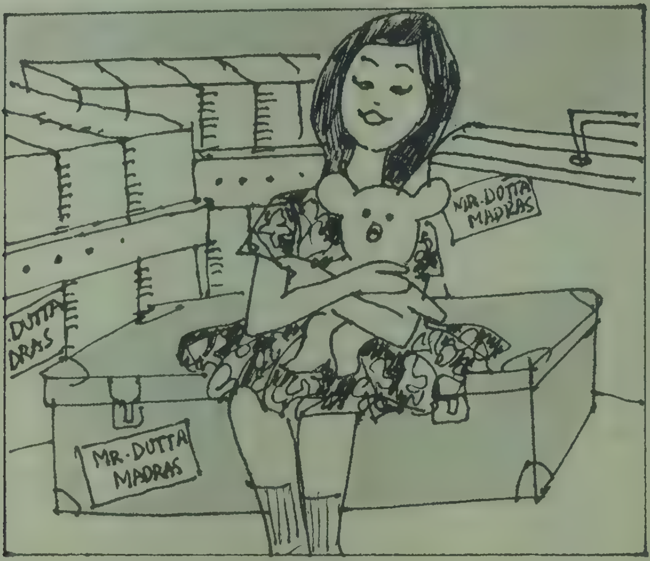
Common approach. V.I. Nazarov, head of the Economic Division in the USSR Trade Representation in India confirms this view. According to him, the fact that "we share a common approach to international situations and problems, is the main criteria for the trade relationship. (The fact that) we have the same attitude to peace and peace movements creates favourable political climate for close economic relations."

That the political aspect is paramount is obvious from the massive Indian military imports from the USSR since 1963, totalling some 10 bilion dollars by Washington's reckoning, and less than half that much by Soviet estimation. And "arms relationships" as Venkateswaran says, "usually indicate a very high level of political understanding".

The Soviet desire for trade on terms favourable to India is explained by critics with reference to the comprehensive Soviet-Marxist ideology which looks on trade as another means to attain a political end. Says Jay Dubashi, member of the executive board of the right wing Bhartiya Janata Party, "They have an all-encompassing philosophy in which political relations, economic relations, and cultural relations are part of or are subsumed under it." One can call the US names and yet do business with Americans, but with the USSR that's not possible, adds Dubashi to butress his point.

Political intimacy. Once the significance of the political initimacy undergirding the trade is conceded, certain intriguing aspects of the bilateral trade begin to make sense. For instance, the "colonial" pattern of trade that Moscow countenances, with 60 per cent of Indian exports being finished goods and over 80 per cent of Indian imports from the Soviet Union in recent times being raw materials like crude oil and non-ferrous metals. Or, the fact that contrary to the usual market behaviour, the USSR often picks India's economic chestnuts out of the fire by regularly offtaking excess domestic production of tea, coffee, tobacco. Or again the trend, difficult to miss, of the USSR using the trade planning device to lock large sectors of Indian industrial and agricultural production.

Mr Dutta, Senior Manager from your Bombay office is on a transfer to Madras



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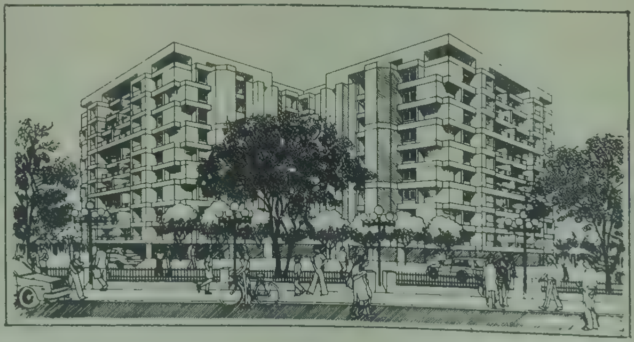

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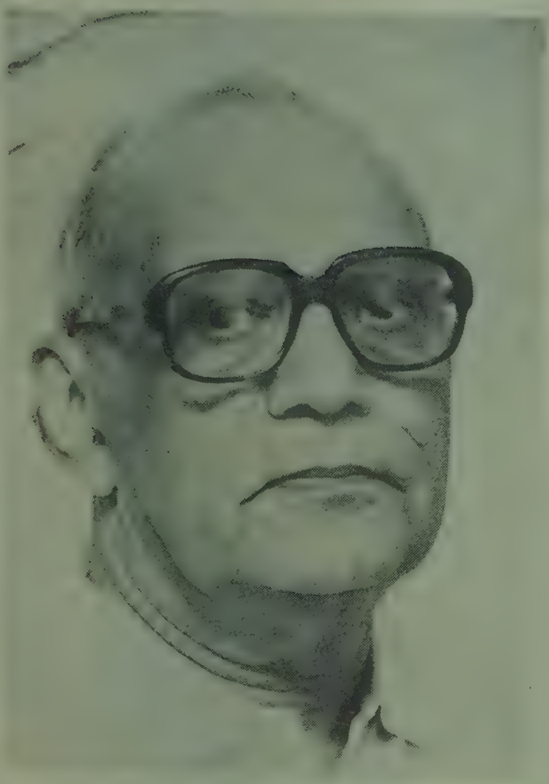


Lall: "a premium on economic intelligence"

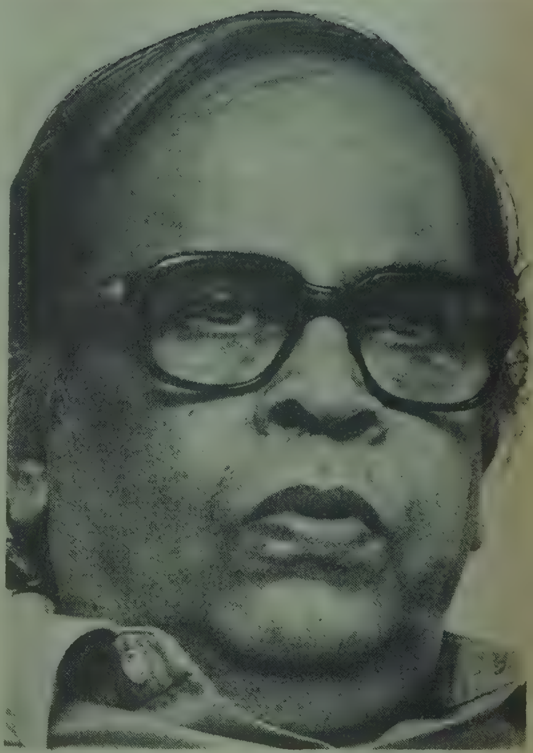
originals").

A criticism made about Soviet technology is that it is not cost-conscious. R.K.D. Shah, director of corporate planning, BHEL, with a Ph.D. from the Moscow Power Institute, attributes this failing to the fact that the technology development in the USSR is not a function of market for us. He says, "The interplay of market forces, which increase competition and cuts costs, are abasent in the Soviet system. So you will find that you have a very reliable (because it is over-engineered) piece of equipment which really works, perhaps much better in adverse conditions of the kind you will find here, than a more sophisticated machine. But if you take such criteria as weight per megawatt of a turbo-generator, that is, the amount of raw material and energy that has gone into the production of the machine, from that point of view some people here feel that the costs of adopting Soviet technology is higher." This meshes with the fears that Raunaq Singh has about the diseconomics of buying Soviet technology because of the lower levels of productivity and efficiency.

Others question the wisdom of buying highly efficient machines to be installed in an Indian setting. A former chairman of a public sector company suggests that buying, say, a West German Kraftwork high-speed turbine for power generation capable of 90 per cent efficiency without also having in place the type of thorough German servicing, upkeep and operating milieu which makes such high efficiency operation possible, is stupid. It is more prudent he thinks to work Soviet turbines to their rated 70 to 80 per cent efficiency which the average Indian workforce can manage.

This raises the twin-issue of the appropriateness of technology and the Indian capacity to absorb technology. The Soviet Union decided against inducting continuous casting technology in Bhilai. In the event, by the time the steel plant was commissioned in the early sixties its technology was already 10 years old. In Rourkela, in contrast, West Germany provided the mill with the then cutting-edge technology, complete with oxygen-blowers and the LD (Linz-Donowitz) process, a technology that had only just been introduced in the United States. "The trouble is the LD system was very fine, very sophisticated technology" opines Mehrotra, "but due to the sort of work culture here, these high-tech machines kept breaking down often and required much repair and maintenance. But because steel is... process technology, if huge pieces of equipment keep breaking down, you end up having very, very poor capacity utilisation, which is basically what happened. So while Bhilai with tough, hardy and durable equipment, that wouldn't break down easily, had over 90 per cent capacity utilisation and consequently higher profits, the Rourkela steel plant has never been able to do better than 70 to 80 per cent capacity utilisation."

All the same, the increasing sophistication of the industrial and technology base and the consolidation of the Indian economy merit a question: can India continue to rely on relatively trouble-free but dated Soviet technology? It is a question that takes on certain relevance, because the lead sectors in industry identified in the Seventh 5-year Plan are computers, petrochemicals, aluminium and biotechnology. Except for aluminium, the USSR is not a world leader in the other fields. Nevertheless, even in these sectors trade-offs will have to be made between quality and cost, avers Mehrotra, who cites the case of the American Cray XMP 14 supercomputer, which is more powerful than the top-of-the-line Soviet Elbrus 3-1, but costs three or four times as much. So it may be more appropriate, he thinks, that the Bhilai technology is more appropriate than the Rourkela technology for India to opt for the Soviet items and cooperate with the USSR in such areas as numerically controlled machine tools,

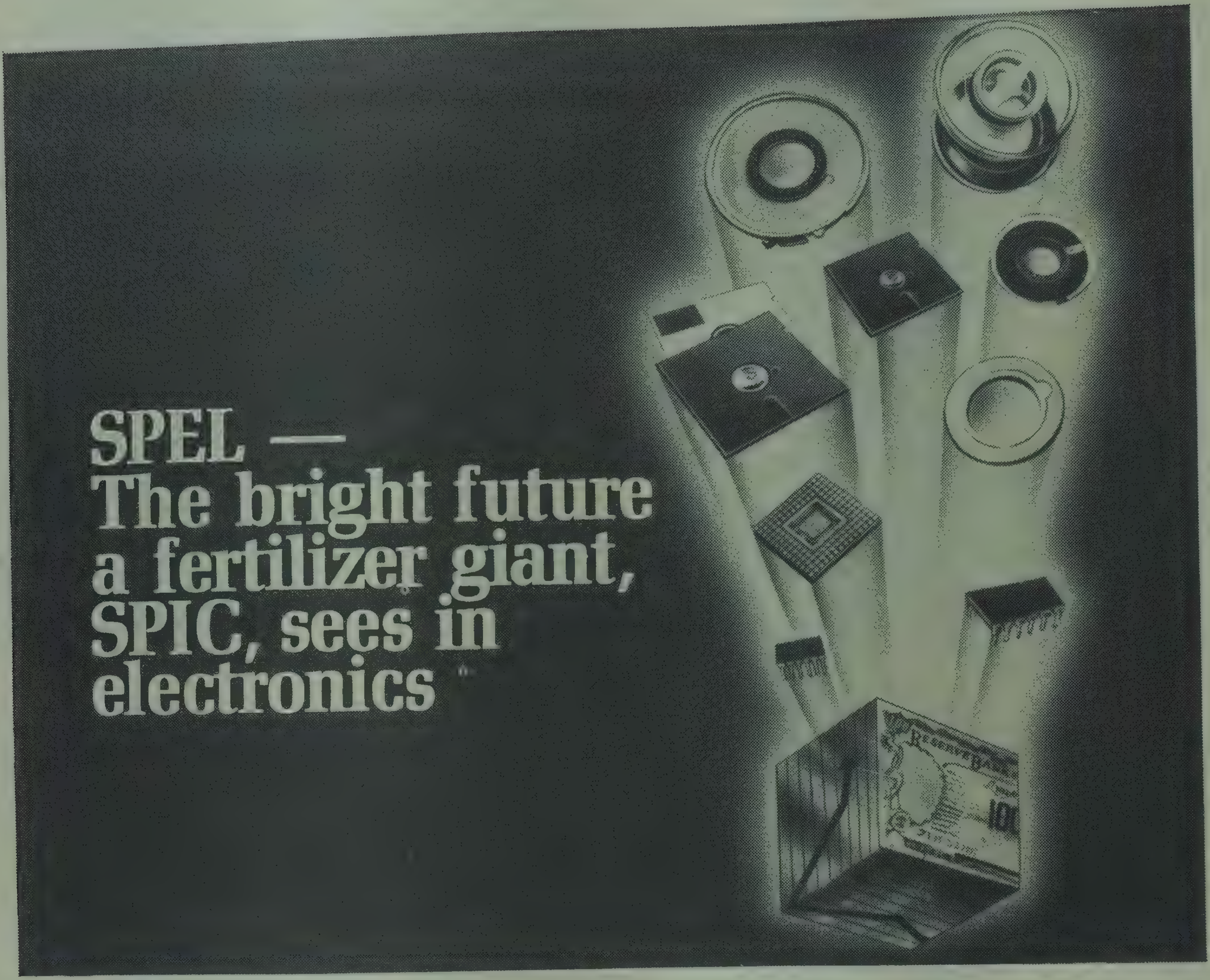


Dubashi: "going to the USSR for second best"

CAD/CAM, etc, because even if the Soviets are not on par with the West, they are far ahead of us.

There is a general consensus that the Soviet Union is a very diligent transferer of technology, holding back nothing and parting with whatever it knows. And Soviet experts are lauded for their willingness to work shoulder-to-shoulder with and thus impart the know-how to Indian artisans and engineers. A retired general manager of a BHEL plant recalls being lectured by a Soviet minister on the virtues of "standing on one's own feet". The helpful attitude extended to offtaking the production from various Soviet-aided plants in the initial phase when there was no demand for the products in India, he says.

The result of the Soviets transferring basic technology, designs, and design methodology was that India since the late sixties "has built its own hydro-turbines, and in steam turbines," says Shah, "we were able to switch over very quickly from the impulse turbine technology to the reaction-KWU technology without too much trouble." However, Mehrotra disputes the contention that the Soviets have been excellent transferers of know-why, which accounts for design capability. He refers to the limited indigenous design capability of the research and development centres attached to the Heavy Engineering Corporation, Ranchi, the Mining and Allied Machinery Corporation, Durgapur, and the ONGC, all of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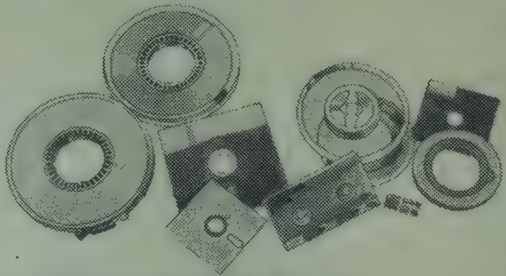

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whom still need the continuing presence of Soviet experts 20 odd years after they were opened.

But that is not the only worrying aspect of Indo-Soviet trade. The matter of trade surpluses that India supposedly has run up with the USSR has led to an apprehension that India is being "exploited" by the Soviet Union. The surpluses since 1984 have been gradually increasing, from Rs.91.3 crores in 1984-85, Rs.264.9 crores in 1985-86, to Rs.800.6 crores (estimated) in 1986-87. But Mehrotra labels the surplus "fictitious". "It does not exist, because we are using the trade surplus with the USSR to repay for arms," he argues. Nazarov supports this reading of the figures. "Two thirds of India's military purchases abroad are from the Soviet Union on very favourable terms — 17 year, 2 per cent interest — and the payment is in rupees" he says, "Our imports from India exceed our exports to India; this gap is because of credit repayment."

And finally, there is the legitimate worry about the enervating effects of the rupee trade — the soft option which by postponing the day of reckoning and head-to-head competition with the champion exporting countries, like South Korea, Taiwan, and Singapore, may make Indian industry useless for anything else, and prevent the Indian government from considering systemic changes that will make the economy strong and internationally competitive. Today the economy requires the crutch of the rupee trade to hobble around in the international market.

Most informed sources however consider the talk of permanent harm done to Indian industry spoiled by a served-up export market, as premature. The dominant view is that India is nowhere near

BOX 2

Problems of partnership

In 1985, prime minister Rajiv Gandhi accepted during meetings with secretary-general Mikhail Gorbachev, a suggestion to open up the Indian market for Soviet capital goods using new trade devices, like production co-operation and joint ventures. The Russians made this suggestion because the Indian market for Soviet capital goods has been shrinking rapidly since the early seventies when most of the turnkey projects in the public sector were completed and the imports that followed mainly consisted of components and bits and pieces of machinery — not whole plants. So, of the two potential customers, the demand in the public sector had about topped off, while the potential in the private sector remained to a great extent untapped.

An anomaly. The Russians regard their trade with the Indian private sector to be based on an anomaly: while the private sector is responsible for 80 per cent of Indian exports to the USSR its share of imports from that country is no more than 10 per cent. The Russians have now indicated that their business with the Indian private sector will depend upon how much the private sector buys from them. "Big industrial houses and medium and small industries buy whatever they need (in machinery) from the West, but whatever they can sell, they prefer very much to sell to the Soviet Union," says Soviet trade official V.I. Nazarov. "In the future, the more they import from us, the more we have Indian rupees, and the more we will buy from them," he adds.

But, if the Russians were to implement this decision, Indo-Soviet trade may be heading for rough weather primarily because the Soviet industrial products and capital goods, Soviet technology and trading system, are all *terra incognita* to Indian companies. Worse, the Soviets, being if anything even less capable of selling their wares than Indians are of theirs, not only make no effort to publicise their capability, advertise their products, and otherwise try to remove the "cultural block", Indians accustomed to dealing with the hard-selling Western companies have, about buying Soviet goods.

Litany of complaints. Indian industrialists reel off a litany of complaints about telexed trade queries going unanswered, promotional literature and brochures being unavailable, about too much red-tape, Soviet machinery being inefficient, and after-sales and spare parts supply structure being non-existent.

The degree of Indian private sector's scepticism as well as the slowness of the pace of the Soviet bureaucracy can be gauged from the fact that it has been over 10 years since the Federation of Indian Chambers of Commerce and Industry (FICCI) signed an agreement to co-operate with the USSR Chamber of Commerce and Industry — every year a FICCI team goes to the USSR or a Soviet delegation comes over here — but not a single case of actual co-operation in terms of a project or anything tangible has so far materialised.

According to Manubhai Shah, former commerce and industry minister and president of the India-USSR Chamber of Commerce and Industry (IUCCI), the generally snail-like progress where Soviet organisations are concerned is due to the fact that "unlike in the western countries the trading system is more or less like our own, where private parties negotiate a deal, in the rupee trade system both governments have to approve, so it takes more time."

Plethora of regulations. Arbitrariness, inflexibility, and the inability to grasp the larger interests of the nation, Shah maintains, has time and again marred decisions. As an example, he cites the case of an official agency acquiring rock phosphate from Syria after rejecting the Soviet commodity because its phosphate content was 14 per cent instead of the 15 per cent laid down in the rule book. "For one per cent's sake, India has spent Rs.100 crores in foreign exchange. That is how things happen," he says.

A plethora of regulations obviously is an obstacle to the smooth functioning of the rupee trade. But the lack of exposure to international business etiquette emphasising preparations for meetings and corporate planning, creates a piquant situation for Indian organisations hosting Soviet trade officials. An industry source describes the problem thus, "The Russians like doing business in a different way. They will arrive in India in groups — so-called missions — with none or very short notice. This means that we cannot adequately prepare for the meetings. We also find that their plans are very fluid, so much so that the Soviet embassy is as much in the dark as we are. There is a lot more forward planning that needs to be done in the USSR."

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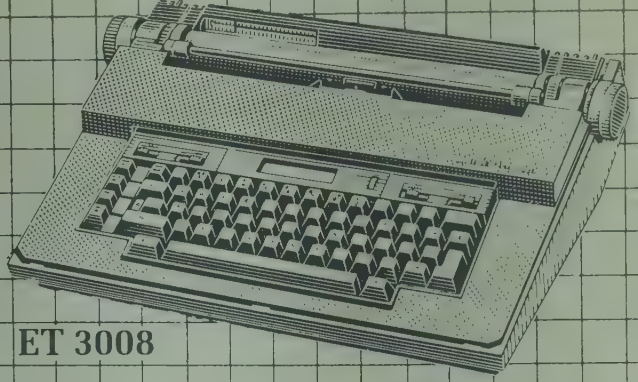

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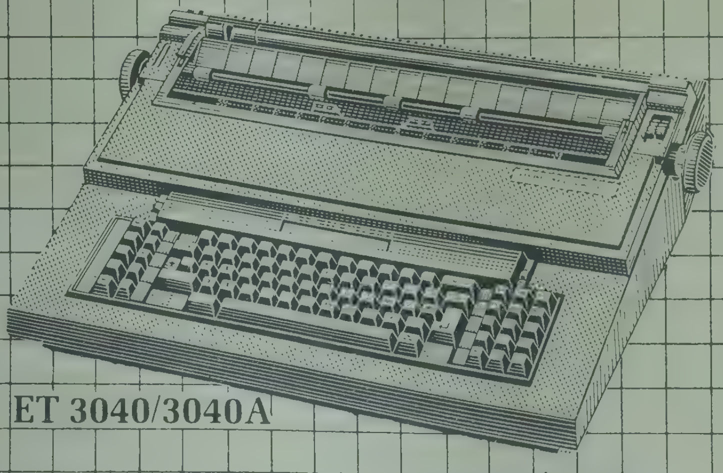

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taking-off as a hard-driving nation that survives by exporting. "It is better to get competitive under a protective umbrella than to say we are competitive and go out and perish," says former foreign secretary A.P. Venkateswaran. "Judging the way by which our entrepreneurs have conducted themselves, I think we may have perished rather than prospered. It has been a very useful safety net. We have to do a lot in our marketing approaches, the way we conduct our business, the way we keep to our quality, our packaging, our delivery schedules, before we can say we are losing something because of the rupee trade," he says.

K.B. Lall, former commerce secretary and now heading the Indian Council for Research on International Economic Relations, is more pessimistic. He agrees that selling to the Soviets under the rupee trade cover may be delaying the maturity of the Indian exporter and preventing the Indian industry from becoming genuinely competitive. But while likening the trading arrangement with the USSR to "infanticide", throwing the country into the international export market frenzy would, he says, be the hard option and will resemble a "stillborn child", meaning, presumably, that the former affords India slightly more time to tread water before the country goes under.

But Dubashi puts forth a more fundamental problem of the systemic change facing India. He says, "We do not have the resources to buy the technology from the West because we are not exporting to hard currency areas, and we are not exporting because we have adopted the Soviet economic system. It is a catch-22 situation. Until we break that vicious circle, we'll be stuck to the Soviet Union and go to them for the second-best."

Ironically, the USSR, he believes, may push us towards changing our economic system. "If the Russians themselves are now opening up their economy, it means they have doubts. If one of these days they open up, we shall be forced to follow suit," he says.

Indeed, the rupee trade has begun to feel that wind of change emanating from a Moscow serious about the perestroika policies but, more importantly, from the trade crisis gripping the Soviet Union occasioned by the sharp drop in the price of oil, which accounts for some 60 per cent of the USSR's exports to non-communist countries. This has markedly reduced the Soviet Union's hard currency income. The decline in the price from $27.50 per barrel in 1985 to around $10 today has meant, for instance, that the Soviet rupee earnings from shipping crude, diesel oil and kerosene to India have fallen by Rs.500 crores annually. It has made the Soviets much more market-minded and serious about getting a higher value from the rupee trade, which has plateaued off in the last few years.

The new thinking in the Soviet Union is to do more business with the Indian private sector. This is understandable given the fact that despite various problems the private sector accounts for 80 per cent of exports to the Soviet Union

BOX 3

The FTZ question

Free Trade Zones (FTZs) have been set up exclusively to service export markets. They are permitted to import raw materials and semi-finished goods, without custom duty and other taxes, and re-export finished products as long as there is a value addition of 30 to 40 per cent. There are two views on the role of the FTZs in the rupee trade.

Hurting industry. Former ambassador to the USSR, I.K. Gujral says, "One of the distortions created by the Kandla FTZ (90 per cent of whose output goes to the USSR), is that we buy from the West or wherever, and without adding any value, re-export to the Soviet Union. A very large quantum of total trade is now this. There should be a debate on this. One should know the total quantum, the items, and how this balances with the value of what we buy from them which they could sell for dollars (that is, the dollar loss to the USSR). There has to be a ceiling on the Kandla type trade because to an extent, it is hurting Indian industry." As an example, Gujral cites the local computer peripherals industry, with a big gap between domestic demand and installed capacity, and its inability to break into the Soviet market because the Russians prefer to offtake from the FTZ.

There are some 20 Indian computer peripherals companies manufacturing everything from floppies, winchester drives, dot matrix printers, to digitisers. More than half of the total capacity of the industry lies fallow. Indian companies cannot compete against the FTZ units, says Vivek Singhal, president of Computronics India, because low volume means higher production costs and the Soviets not surprisingly buy the more economical product from the FTZs, and in the process India derives no benefit of technology transfer or production expertise as the SKD and CKD kits imported and then assembled in Kandla involve nothing more than screw-driver technology.

Soviet trade official V.I. Nazarov admits that his country prefers to buy from Kandla and justifies it by saying that "production of more sophisticated items can be arranged much faster in an FTZ" and by comparing the outgo of Rs.90 crores in foreign exchange from Kandla with the enormous saving of hard currency to India from import of oil and arms, savings that would run, he says, "into billions of rupees annually". But Nazarov's statement does reveal the Soviet strategy of accessing superior Western technology but without expending foreign exchange through the FTZ, one of the more valuable economic gains the USSR derives from the rupee trade.

A way out. The other view on the FTZ issue is expressed by a senior commerce ministry official who refutes the Gujaral-thesis. "The FTZ is basically meant for producing goods for export to the USSR. Once that is granted, then since it is now always possible to manufacture all the goods in India, and certain components have invariably to be imported from abroad to complete the manufacture, that process is fine, as long as there is value addition," he explains.

Singhal, as vice-president of the Indo-Soviet Business Council, is trying to find a way out of the FTZ dilemma by getting the Soviet agencies who deal in computer peripherals to make a long-term commitment to lift the dedicated production of items geared specifically for the Soviet market from Indian companies. Such a commitment would allow Indian companies to get the latest technology at reasonable price and because of higher volume the costs will be much lower, he says. If successful, this could be a model solution.

hile buying just 10 per cent in return *see box 2)*. The change in Soviet trade olicy, however, has not caught Indian usinessmen unaware. Says Ramu Pan-it, secretary-general, Indian Merchants hamber, "The signals have been on the orizon for the last three years. A Soviet conomist visiting us three years ago urprised me by a statement that his overnment is keen on working more osely with the Indian private sector. He aid they were interested in setting up ompanies jointly with the private sector India, the Soviet Union and in third ountries. I asked him if this was the fficial policy of the government, and he urprised me by saying that it was. So the hanges that we are seeing now did not ome as a bolt from the blue for me. The inds of change and new thinking in the oviet Union have been visible for some me now".

Yet, there are Indian businessmen who eel that despite the new openness in the SSR, changes will take place only slowly. senior official of the Confederation of ngineering Industry (CEI) who recently isited the Soviet Union says, "Trade annot take place only because somebody ays that you increase trade. So we should ot expect too much so early. Although he government there is very keen, a lot of ottlenecks have to be removed and this ould take a lot of time. In fact, the target f achieving the Rs.10,000-crore worth of rade in the next four years is not going to e very easy we feel, and from the talk we ad with Soviet officials we got a feeling hat they also shared our scepticism."

There is another reason for being scep-cal about the future. The perestroika ress on profitability of state enterprises as been translated into the concept of he "buy-back" that really gets the goat of ur businessmen. The liberalisation in he Soviet Union has led to some 70 rganisations in Moscow and in the 15 oviet republics being given the sanction o strike foreign trade deals. But because ach of them is also required to show rofits and balance its books, any organ-ation one desires to sell to will insist hat something be bought back of an quivalent worth. For example, an auto-otives firm finalised a transaction for s.5 crores for a certain component with he tractor ministry. The Indian company as now obliged to offtake in this case, actors. The Indian side's counter-pro-osal that the ministry sell it scrap with hich to fashion the component was old-shouldered. Industry sources deem he buy-back provision "ridiculous" and a major hurdle to expanded trade.

COURTESY: NOVOSTI

Ganga, an Indian objet d'art shop in Moscow

The proliferation of Soviet agencies able under the new, more open, regime in the USSR to trade, has complicated the Indian exporter's ability to sell. Because more Soviet organisations now have the freedom to deal in the same commodity, the monopoly trade has been broken. A commerce ministry source compared the problems exporters to the USSR face with what would happen in India if a canalised item, previously bought solely by, say, the Metals and Minerals Trading Corporation (MMTC), is put on an open general licence — a foreign trader would complain, the source said, of having to go to 50 companies to convince them to buy instead of approaching only the MMTC.

If, under the new dispensation in the Soviet Union, Indian companies will have to make an effort to persuade and to sell to the wary Soviet buyer, and industry will have to exert itself to reach the Rs.10,000-crore trade target by 1992, then the premium will be on economic intelligence, as Lall puts it, on keeping abreast of "the changes that are sweeping the Soviet economy, of changes in the instrumentalities and in the conceptual goals." "We must know," he says, "specifically, who decides, why he is taking the decision, and on what basis is the price (of every item) determined, the better to be able to track the decisions in the labyrinth of the Soviet bureaucracy and to sell." It is the kind of information that needs continually to be updated and revised as per the changing reality on the ground. It is something Indian businessmen will very rarely pay for. As Vivek Singhal, president of Computronics India, talking about the computer peripherals industry says, few companies are prepared to invest monies in locating a sales office in Moscow without first having a Soviet guarantee that they will buy.

The Indian exporter may be favoured in the existing scheme of things, but his position is no longer unassailable. There are threats posed by countries like China, capable of producing a better quality product in the same range of goods India specialises in and at competitive prices. China's trade with the USSR has jumped from 0.8 billion dollars in 1982 to 2.6 billion dollars in 1986. It stands to increase even more with a programme now being negotiated whereby the Soviet Union's eastern and border republic fronting on China will be supplied consumer durables and perishables by some kind of free trade zones established with Soviet capital and wherewithal on the Chinese side of the border. "In China we have a competitor which we didn't have earlier. I'd tell Indian businessmen: look out! You cannot sit back and feel that whatever goods you supply will be taken off by the Soviets, who are becoming more discriminating buyers," warns Venkateswaran.

Indo-Soviet trade, thus, is at a delicate pass and on the cusp of possibly radical change. A lot will depend, Mehrotra believes, on perestroika becoming a reality. Unless a certain amount of wholesale and retail trading is introduced in the Soviet system itself, it is a bit unlikely, he says, that "Soviet enterprises will be engaging in foreign trade on the same sort of level or in the same aggressive manner that you find western enterprises behaving. And until that happens, buyers and sellers are going to have problems."

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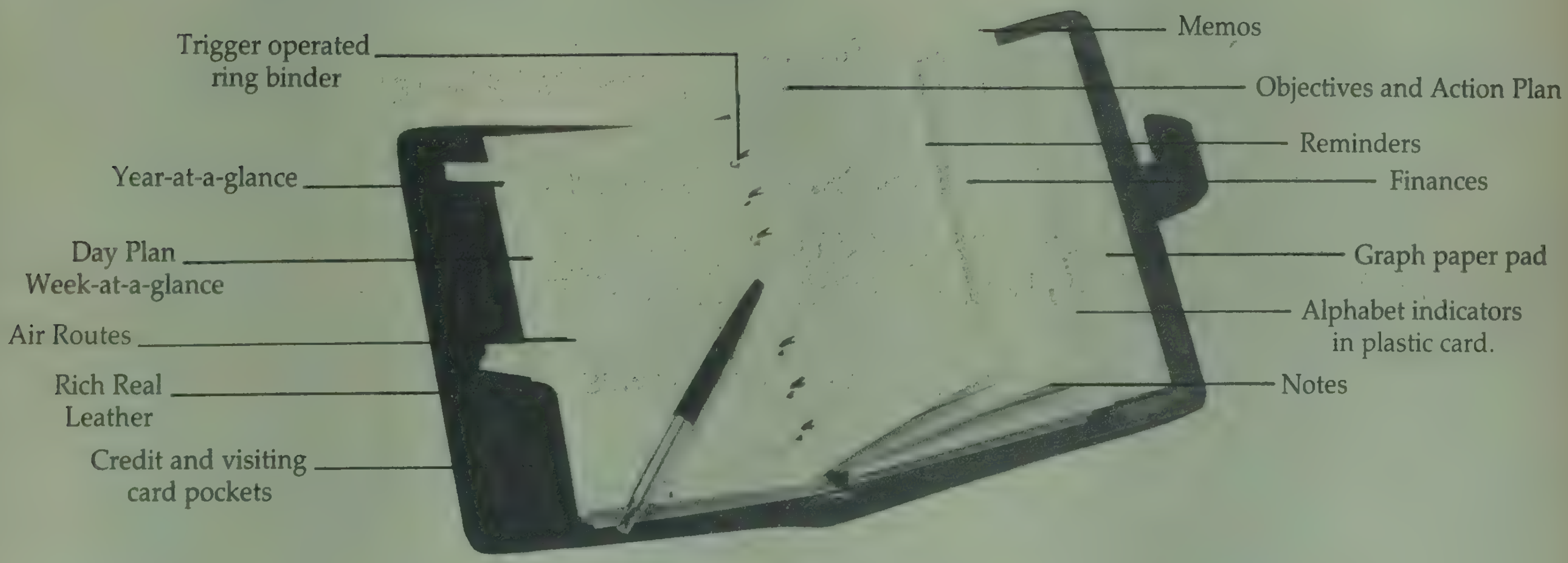
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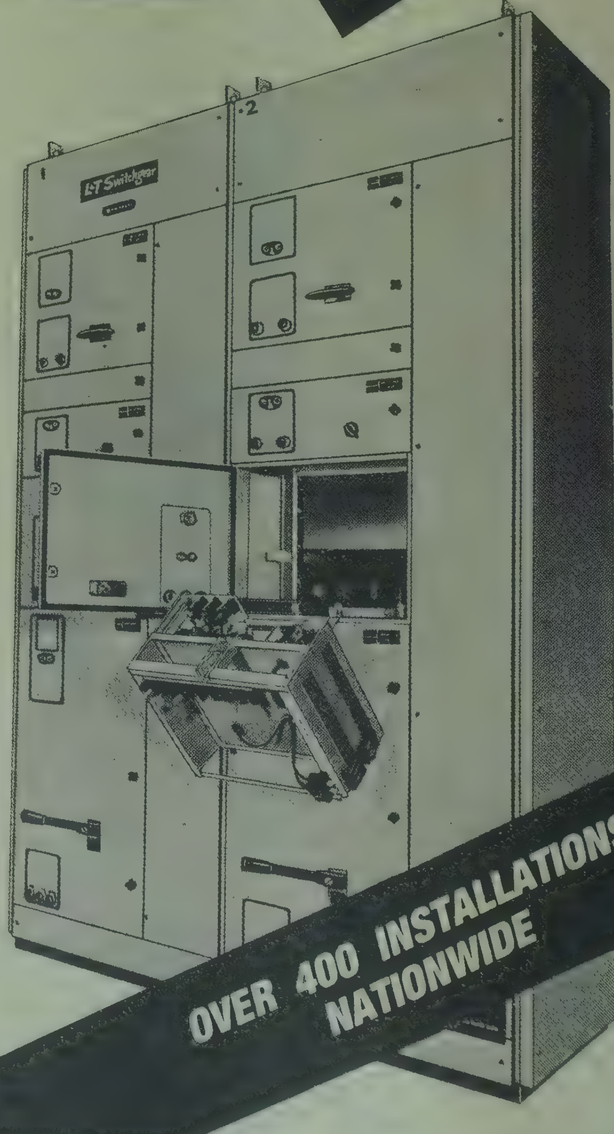

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JOKAI INDIA

A buyer at last?

It does seem that Punjab National Bank has finally found a buyer for its shareholding in Jokai India. However, no one seems to know much about the buyer or his company, Pharoah Holdings. One rumour even says that the UK firm is just a front for Rajendra Sethia, Jokai's erstwhile colourful owner

The question about who gets control of Jokai India Ltd (JIL), the Calcutta-based tea company, appears to be finally settled. The Punjab National Bank, to which 74 per cent of JIL's shareholding had been pledged, has signed a memorandum of understanding (MOU) with ANZ Merchant Bank Ltd of UK to sell its stake to ANZ's client, Pharoah Holdings of UK.

Though PNB officials as well as the management of Jokai India Ltd are tight-lipped about the deal, it is quite apparent that the decision has been welcomed at all levels. PNB has been having trouble over the issue because its title to the Jokai shares was under dispute and also because despite numerous prospective buyers queueing up over the last couple of years none of the bids had been found entirely satisfactory. The bank had fears it would be stuck with the shares forever.

From JIL's point of view, the sale will put an end to the uncertainty and speculation surrounding its ownership and also provide much-needed stability to the company, which had been dubbed an 'orphan' company following the bankruptcy of its colourful owner Rajendra Sethia.

JIL's ownership pattern is quite peculiar. The company, incorporated in India, is a 74 per cent subsidiary of Jokai Tea Holdings Ltd (JTHL) of UK (The remaining 26 per cent shares of JIL are widely scattered, with the financial institutions including UTI, United India Insurance, General Insurance Corporation, New India Assurance and National Insurance jointly holding around 4.4 per cent. The Kanoria group has 10.01 per cent, while the S. Rampuria group holds another 0.96 per cent.) Jokai Tea Holdings is itself a fully-owned subsidiary of Frendial Ltd of UK, which is again a subsidiary of Shaddreed Ltd UK, which in its turn is a fully-owned subsidiary of Esal Commodities Ltd UK, formerly owned by Rajendra Sethia and currently in liquidation. Esal Commodities itself is reportedly owned by Cove Holdings Ltd incorporated in the Channel Islands.

After Esal Commodities Ltd went into liquidation, PNB's London branch, which had given loans to Esal Commodities against the security of Jokai India shares found itself owners, or rather caretakers, of JIL's majority stake. Meanwhile liquidators Messrs. Cork & Gully of UK, which took possession of all the assets of Esal, contested PNB's right to the ownership of the shares, in the London High Court, which decided in favour of PNB. Later, the liquidators, who are represented on the board of Frendial, appealed against that order on the grounds that the loan given by PNB in 1981 to Esal Commodities for which JTHL pledged the shares of Jokai India contravened Section 54 of the UK Companies Act which places certain restrictions on such a deal. Court proceedings went on for about four years, but ultimately the liquidators, for want of clear-cut evidence, were unable to prove that the transaction had indeed violated sections of the UK Companies Act.

Little, however, is known about the new prospective owner apart from the fact that it is Pharoah Holdings of UK run by one Gaith Pharoah or Feroun (no one seems to be very sure) whose assets are said to be in excess of one billion dollars. He owns most of the Hyatt properties in Saudi Arabia plus a bunch of cement factories. At one time he was one of the big venture capitalists in the USA. Some people estimate his fortunes to be as

Haksar: "how does one extract money from a bankrupt company?"

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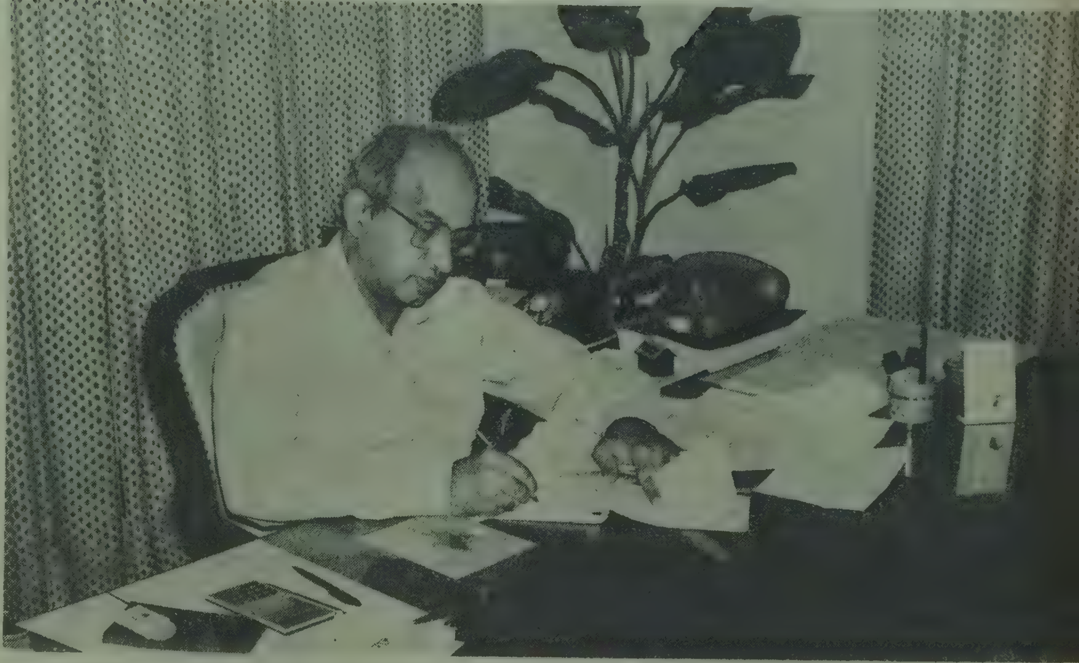
large as those of Adnan Khashoggi. He has no known business interests in India.

Pharoah has stolen a march on its nearest rival, Radheyshyam Saraf, a Hong Kong based NRI whose US $ 20 million bid has been pending with the Indian government for almost a year. The Pharoah Holdings offer is for $ 21.5 million on a cash down basis with an additional $ 8 million payment for the Rs.7.08-crore export arrears due to the Indian company from Jokai Tea Holdings Ltd UK.

There have been a series of Indian buyers (starting with Tata Tea) for the JIL stake, but their bids were not accepted since they were in Indian rupees, whereas the PNB wanted the entire amount to be paid in foreign exchange, preferably on a cash down basis. At around this time, another significant development took place. R.L. Kanoria (rumoured to be a former owner of Jokai India's sterling stake through a UK associate), who held 10 per cent of the Indian stake in the company, applied for restrictions (under section 247/250 of the Companies Act) on the transfer of the company's shares and requested the CLB to investigate questions relating to ownership, financial control and management interests of the company. Reportedly, Kanoria's aim was to get a foothold in the company, by claiming that since PNB's ownership of the controlling stake was under dispute, he had the largest (10 per cent) stake in the company and hence the right to a seat on the JIL board.

In order to protect the company from Kanoria's designs and also to monitor the functioning of the company, following an unforgivable lapse on the part of the management (it had allowed Rs.7.08 crores worth of tea during the 1984 boom in the tea industry to be exported to Frendial, without making sure of the repatriation of the dues, thereby depriving both the company and the government of valuable foreign exchange) the government of India in July 1986 appointed seven nominees as directors on the Jokai Board under Section 408 of the Companies Act, 1956. This move was resisted by the management, which filed a case in the Calcutta High Court, but eventually lost.

However, says Ajit Haksar, chairman of the Jokai board, "It is not that the board was against the government directors in principle; it was only opposed to the manner in which the appointment was done. Government directors are actually a strength for the company. In fact I had written to PNB, asking them to have their representatives on board to protect their interests. So far as the recovery of the outstandings is concerned, even prior to the appointment of government directors, the Jokai board had taken all steps to ensure the recovery of the dues. We had a situation where legally we had completed all the procedures and, obtained a court decree. But how does one extract money from a bankrupt company? A more practical approach would be to co-operate with PNB to get the shares sold and then recover the dues."


Venkatachalam: appointment not approved

Jokai's managing director K. Venkatachalam is doing just that. Earlier it was felt that PNB should advertise for bids in the newspapers. But there were some problems. JTHL had not compiled its accounts and subjected these to audit since 1982-83. Its exact financial position was thus not known and no buyers would take on a company without ascertaining its financial standing. Around that time, PNB received yet another bid, from an NRI R.S. Saraf of Hong Kong, with interests in hotels (the Sarafs have a stake in the Hyatt Regency hotel in Delhi and the well known Yak and Yeti hotels in Nepal) and to some extent in tea. The offer was for US $ 20 million in addition to the money due to Jokai in foreign currency. Part of the payment was to be made cash down, and part in instalments spread over three to four years.

The Sarafs, it is learnt, were most anxious to clinch the deal, as they needed a foothold in Indian business. For a while, it did appear that they would be successful. However, the position changed after November last year, when ANZ made its $ 21.5 million offer — the entire funds having been put in an Escrow account in UK.

The Sarafs were asked in June this year whether they were interested in upping their bid to match ANZ's. It is learnt that they verbally agreed to increase their bid, but did not confirm anything in writing. Meanwhile, there were two other bids, one from the Inchcape group (owners of the Assam Company India Ltd) which showed an interest in the company but did not proceed further, and the other from Citicorp UK, on behalf of a consortium reportedly led by Tapan Roy of Bengal Lamps. By all accounts the Citicorp bid was the highest at £ 19.5 million but the deal never materialised because the buyer apparently lost interest. The ANZ offer was, therefore, the best.

The PNB board, after deliberations, decided to refer the bids to a screening committee headed by noted management expert P.L. Tandon. The committee had three other members but strangely did not include any Jokai India representatives (probably because, as Haksar claims, the company has no *locus standi* where the actual sale proceedings are concerned, since the deal is between PNB and the buyer for the overseas stake) and finally towards the end of June the MOU was signed.

PNB chairman J.S. Varshneya is extremely reticent about the MOU saying he cannot comment on the details "as it is a confidential document". He appears to have a great deal of confidence, however, about the management capabilities of Pharoah Holdings, and says that PNB has received an excellent report on Gaith

roah (the man behind Pharoah Hold-
s) prepared by Grindlays Bank.
ccording to corporate watchers, the
owners will have to tread a thorny
h before they can assume control of
company. One reason that PNB had to
on negotiations (reportedly with
ai MD Venkatachalam acting as the
diator) with the prospective buyers,
ner than on advertisements, was that
affairs of the holding companies were
mess. Another reason is that PNB is
fighting the liquidators on the own-
nip issue. The implementation of the
U hinges on the verdict of the Appeals
urt in London although an out-of-
rt settlement between PNB and the
idators cannot be ruled out at this
ge. A settlement would facilitate the
ly transfer of shares to the new
ners.

here is also the thorny issue of the
oval of the government directors from
company's board. It is reliably learnt
t Pharoah Holdings has insisted that
the present government directors on
board be removed before the take-
r. Informed sources, however, say that
CLB is quite adamant about not
noving the government directors from
board, until such time as they are
vinced that the new owners have the
g-term interests of the company at
rt and the ability to run the company
npetently. The government directors
reportedly unhappy about the man-
ng director's functioning; they feel
t he tends to ignore the board. This
been compounded by a decline in the
npany's profitability ever since the
ernment directors took over. The de-
tment of company affairs, it is learnt,
withheld approval of Venkata-
lam's appointment as the managing
ector prompted by rumours that he is
ro-Sethia man. Venkatachalam how-
r refused to talk to *Business India* on
grounds that he was "very busy" and
uld not spare any time".

rom the CLB's point of view PNB's
U with Pharoah Holdings and the
ected signing of a sale deed cannot be
ason for immediately withdrawing the
ernment directors from the board of
ai India. Varshneya too is silent on
issue and says, "I don't know what
happen." However, Haksar appears
e confident. The department of com-
y affairs, he believes, will have no
ce once PNB sells the shares. "There
othing the Company Law Board can
bout it," he says.

nother hindrance, though of a smaller magnitude, is the petition filed by the Kanorias under Section 397/398 of the Companies Act, 1956 alleging oppression and mismanagement by the non-government directors and praying for, among other things, cancellation of Jokai India's 74 per cent sterling stake so that they, with their 10 per cent holding, would be in a position to control the company. This petition if allowed could upset all plans for a smooth change of hands. Says Varshneya, "We will have to wait and see." PNB bosses are clearly apprehensive that if these hurdles are not cleared by September when the deadline for the MOU is expected to expire, the deal might fall through.

The JIL offices in Calcutta: an 'orphan' company

Pharoah Holdings' interest in the small but profitable tea company (1987 turnover: Rs.25 crores, profits: Rs.5.70 crores) is difficult to place. One theory doing the rounds is that Gaith Pharoah is interested in gaining a foothold in India, and that he wants to make Jokai the showpiece of the Indian tea industry. Other theories are that Pharoah Holdings is a front company for an erstwhile businessman, said to be none other than Rajendra Sethia.

When ANZ first made its offer (through Grindlays Bank) it was not quite clear who the client was but nevertheless people within the industry were given to understand that it was a Bangladeshi national Mr Zahid, reported to be close to the Indian government. Interestingly Zahid — the chairman of the Bangladesh Tea Federation — is rumoured to be a close associate of Gaith Pharoah, and also a friend of Sethia, and is said to have stated that he would see if at some point of time Sethia could be helped out.

It is also learnt from CLB sources that before signing the MOU, PNB had asked for a clean chit from Pharoah Holdings, certifying that they were not acting as "frontmen" for any party, and that they had no connection with Raj Sethia. Pharoah Holdings complied and a certificate was given. When asked about the rumours, PNB chairman Varshneya refused to comment.

The corporate world is buzzing with rumours of a prominent Indian businessman being involved. The latest rumour suggests that Rajan Lodha (of Messrs. Lodha & Co. who are oddly enough the company's statutory auditors) has played a major role as mediator in the PNB-ANZ transaction. Lodha, it is said, also mediated for Raj Sethia when he acquired the Jokai stake in 1981. Lodha, say corporate watchers, is supposed to be close to two businessmen — Aditya Birla, whose father B.K. Birla, owns Jayshree Tea (one of the original Indian bidders for the company); and G.P. Goenka of Duncan Agro, which has considerable interests in tea. Both companies are, it is known, willing to accept Jokai despite its liabilities.

As the situation stands now, the ANZ offer, in view of the obstacles mentioned is a tentative one. While Pharoah Holdings appears to be serious about its offer, it has also specified September 1987 as the deadline for the implementation of the MOU. Originally valid till 31 July, the MOU has been extended by a couple of months. Much depends on PNB arriving at an out-of-court settlement as early as possible. Almost as important is its ability to convince the department of company affairs about the removal of the government directors. If not PNB is once again going to find itself the proud though perhaps unwilling owner of a 74 per cent stake in Jokai.

Corporate observers are none too confident about the deal coming off — not so much because of the apparently insurmountable problems as because they feel that the government would be loath to part with a profitable tea company and might decide to go in for nationalisation instead.

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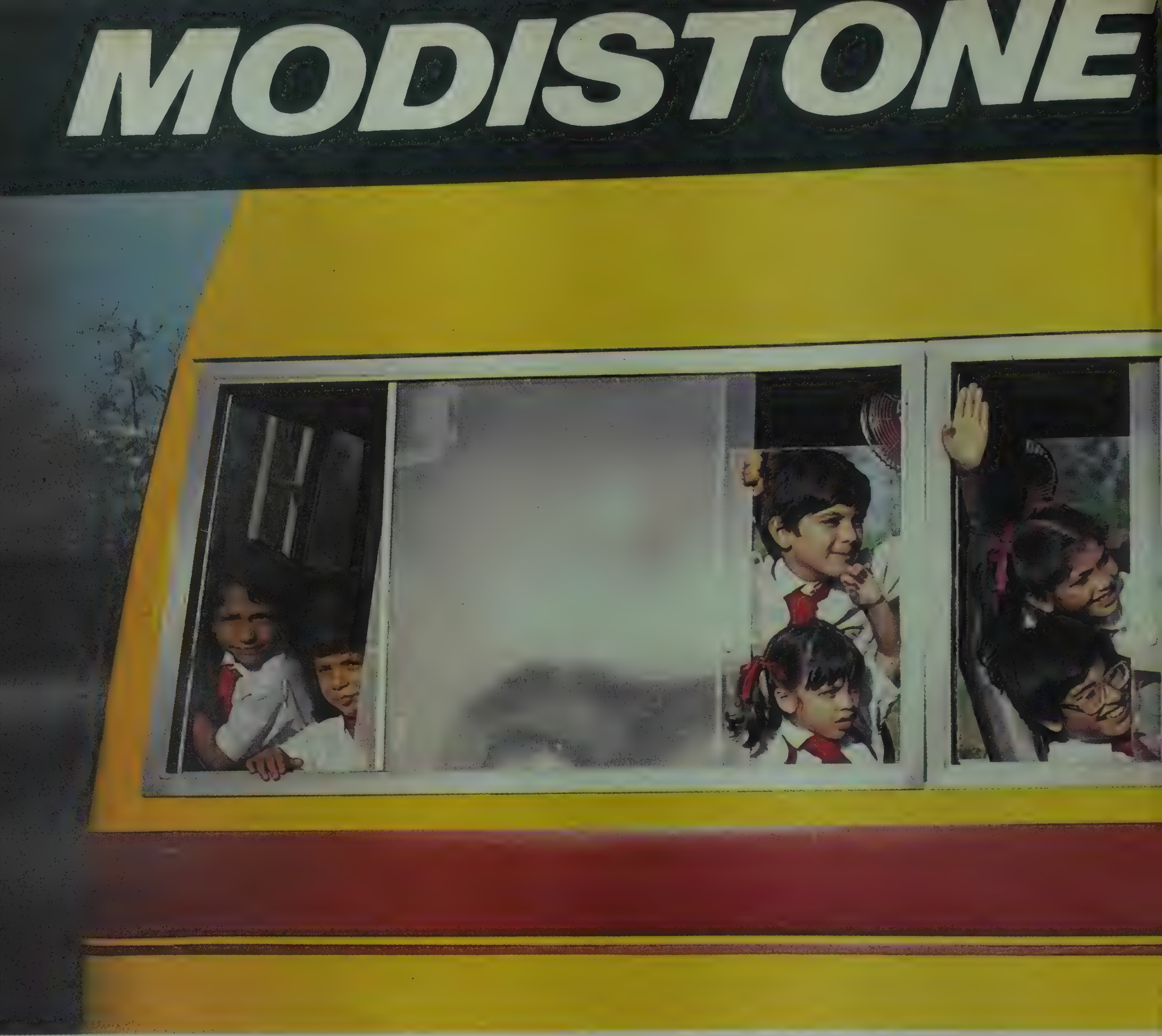

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LUPIN LABORATORIES

A picture of good health

In an industry with an average growth rate of 12 per cent, Lupin Laboratories has been increasing sales 50 per cent annually for over a decade now. Its future plans are even more ambitious. In two years, it hopes to be the leader in the pharmaceutical industry

It does not happen very often that a bank gets jittery because its client company has been growing too fast. But Central Bank of India did get a bit worried about Lupin Laboratories three years ago. Some of the bank's directors thought the company could become unmanageable in no time if it grew at the pace that it was going.

Though now convinced that they were over-reacting, what scared the bank then would be the envy of any industrialist. The low-profile Lupin, functioning out of a nondescript industrial estate in Bombay's Kalina area called the Ashok Steel Chain compound, has been increasing its sales at the rate of nearly 50 per cent annually for well over a decade now. In ten years the company's turnover has jumped from Rs.3.7 crores to Rs.100 crores. This in an industry where the average growth rate is around 12 per cent! In the last three years Lupin trebled its sales and pushed its profits from Rs.2 crores to Rs.8 crores. Says S.C. Marawadi, the company's vice president for finance, "All I do these days is add more zeros to the previous year's figures."

The company's chairman and owner, D.B. Gupta, a teacher-turned-entrepreneur, feels that Central Bank's fears stem from the latent conservatism that governs the working of some nationalised banks. Says he, "Our financial base is solid and if we have to maintain our profitability (at around 7 per cent of sales, among the highest in the industry), we have to grow at this pace."

Lupin's growth plan calls for sales of Rs.160 crores this financial year, and an incredible Rs.500 crores by 1991-92. Gupta goes on to add, "It shouldn't take us more than two years to become the biggest pharmaceutical company in the country. (Glaxo, currently number one in the Rs.2000-crore-a-year Indian market, achieved sales of Rs.194 crores last year.) But that has never been our primary aim though it has to come one day considering the speed at which we are growing. Our major strength is that we have concentrated all our energies on improving our internal functioning. We never tried to manage the business environment to facilitate our growth which is tempting in a highly regulated industry."

Gupta may sound, to the more cynical industry watchers, like an upstart gloating over his success. But his statements are backed by a strong performance record. Says a senior executive of the company, "Success never came to us, we went after it and achieved it." Lupin's greatest achievements have come, for example, largely in the area of controlled category drugs which includes anti-TB and anti-leprosy drugs. Till the company began manufacturing these drugs nearly ten years ago, not many people were interested in the field because of the high technology involved and the seemingly low profitability it promised.

Says D.K. Bose, president of Burroughs Wellcome, a company that is also manufacturing a number of controlled category drugs, "Gupta's daring in the matter is truly admirable. Market surveys till then had shown that it was an area of poor profits and low sales. Despite this, Lupin took the risk and made a success of it." Adds Marawadi, "Frankly, in 1979 when Gupta suggested that we put up a bulk drug plant to manufacture 15 tonnes of ethambutol (the synthetically derived anti-TB drug) I was among many who felt that this capacity was too much. Now we are producing over 30 tonnes a month." Today Lupin is the world's largest producer of ethambutol, controlling roughly 50 per cent of the world market. It is also the country's largest producer of rifampicin, a more advanced and highly successful anti-TB and anti-leprosy drug.

Gupta got into the drug industry over two decades ago, with the clear and determined vision of becoming a well-integrated pharmaceutical giant. He worked towards this end ceaselessly, and today the company's activities encompass the entire gamut of the pharmaceutical industry. During the first ten years, the company consolidated its position in the manufacture of formulations. Starting in the eighties, it moved into the manufacture of bulk drugs and agrochemicals. It is all set to get into biotechnology products like Immuno-diagnostics next year. Also in the works are surgical disposables and herbal medicines. Says D.B. Kapadia, deputy general manager, commercial, "Unlike most other pharmaceutical manufacturers, we have from the beginning made a conscious effort to integrate backwards in the industry so that the strengths of different areas complement each other and form a solid growth base."

D.B. Gupta: "we'll be the biggest"

The first bricks of this base were laid sometime around 1968 when Gupta bought over the Lupin trade mark from a company called Charak Pharmaceuticals, then largely known for its popular brand of honey. The son of an itinerant Rajasthani school teacher, Gupta had come to Bombay in 1961 after obtaining a master's degree in physical chemistry. He worked for a while with Khandelwal Laboratories and later in May & Baker. Having all along nursed the ambition to strike out on his own, he quit the latter while still under training in 1968 and with an investment of Rs.5,000 reactivated the dormant Lupin brand label.

Since Gupta did not posess a manufacturer's licence, the first Lupin products, digestive supplement and expectorant, were made for the company by other small manufacturers on contract. "The going was tough in those days," recalls younger brother A.B. Gupta, director of Lupin, "because we were in direct competition with many pharmaceutical giants who were already established in the field. Not only did we lack the name but we also lacked the marketing support."

In 1970, Gupta finally got a manufac

rer's licence and was also for the first me able to procure a government manu-cturing contract which, in retrospect, it opears, led the company on to the road prosperity and growth. The contract as to make iron and folic acid tablets for e family planning department and upin won it by quoting as much as 25 er cent less than the then major competors like Unichem and others. "The profit as low," the younger Gupta recalls, "but sheer hard work and the volume of usiness we kept ourselves growing."

In 1976 came another government con-act, this time a large one to manufac-re chloroquine for the National Malaria radication Programme. Government ork sustained Lupin all through the venties, while it struggled to build up a rong marketing base for an ever-in-easing number of formulations. This rategy was to pay rich dividends later. ut till about the end of the seventies, overnment contracts contributed 90 per ent of the turnover. Sales reached Rs.4.7 ores by 1980. "Those were the years of onsolidation," says Gupta, "We strove to stablish our credibility in the market ace, we learnt to manage finance and stablish a strong and aggressive mar-eting set-up. In short, we were ready to ke off."

Take off and how! In the late seventies, upta during his numerous dealings with e government identified the anti-TB ug market as the future area for his mpany's growth. "The field was wide pen," he says, "It was an area of national riority, so in a sense we could combine ocial commitment with business." Not any manufacturers had ventured into is part of the drug market till then, ecause it was perceived to be a low profit ea. Says N.I. Gandhi, managing direc-r, Lyka Labs, a Lupin competitor in me categories of drugs, "Apart from his ersonal dynamism, a large measure of upta's success has been due to the fact at he concentrated his manufacturing d marketing operations largely on two three drugs unlike most of us who ose to try and make a success of dozens products."

And in retrospect, as Bose of Bur-ughs Wellcome points out, two more ctors contributed to a large extent to upin's success with controlled category ugs. Being a newcomer to the field the mpany was able to get a better price alisation on these drugs compared with ready established manufacturers be-use its mark-up was calculated on pre-iling and hence more realistic prices. In the case of the competitors, the mark-up was based on older and thus higher pricing patterns, which resulted in reduced profitability. Secondly, Lupin went in for a high volume manufacture, both in formulations as well as bulk drugs. So despite a relatively low mark-up, the absolute profits were quite high. Says K.K. Sharma, the company's vice president, operations, "We identified the market and really exploited it to the hilt."

Marawadi: "adding zeros "

However, in the late seventies when it decided to produce anti-TB drugs, the company's 4,800 square feet plant at Kalina proved too small. So the whole manufacturing facility was moved to Aurangabad in 1980. Set up at a cost of Rs.7 crores, this unit contributed substantially to Lupin's success in the formulations market subsequently. The first of the new range of drugs made here were the anti-TB drugs, Combutol and Combunex, which gave the company a decisive edge in the market. This was followed by drugs in various other categories including antibiotics, anti-asthmatics, anti-ulcer drugs, anti-hypertensives, anti-inflammatory drugs, tranquiliser, steroids, etc. So from manufacturing just expectorants and digestants in the seventies, the company now had a vast range of pharmaceuticals, befitting a large drug company.

Simultaneous with the setting up of the Aurangabad plant, Lupin had also begun work on putting up a bulk drug unit at Ankleshwar in Gujarat. This facility, which began production in 1982, pioneered the manufacture of ethambutol hydrochloride from the basic stage of DL 2 aminobutanol. Starting with an initial Rs.1.2 crores, the company has so far invested about Rs.8 crores here and over the years the Ankleshwar unit has emerged as the world's largest producer of ethambutol. It was also the first to manufacture rifampicin, an advanced antibiotic from the intermediate stage. Even today Lupin is the largest manufacturer of rifampicin, accounting for nearly 60 per cent of the country's production. Work also started last year on the manufacture of Vitamin B6 using a technology developed by Lupin jointly with the National Chemical Laboratory, Pune. Lupin has also begun the manufacture of Cephalexin, a new generation antibiotic derived from penicillin-G. Bulk drugs now make up nearly 40 per cent of the company's turnover and provide a strong base for its growth. Says Bose, "It is tempting to diversify as Lupin has but it is not easy to make a success of it as they have done."

The introduction of R-CIN 450 mg, a rifampicin formulation, by Lupin in 1982 was an important event in the company's history. Till then rifampicin was available in the country only in dosages of 150 and 300 mgs. Lupin's introduction of the 450 mg capsule made the product an immediate hit. "It gave us the kind of boost in turnover from where we have never looked back," says P.M. Sapre, the comcompany's vice president, marketing. The company, though a latecomer, managed to capture more than one-third of the rifampicin market in less than three years. Even today rifampicin contributes as much as 35 per cent to Lupin's formulations sales turnover.

In 1985, Lupin entered the important area of agro-chemicals with the setting up of a plant at Panoli in Gujarat. "All over the world the largest manufacturers of agro-chemicals are the giant pharmaceutical companies," says Sharma, "There is a certain synergy in the manufacture of pharmaceuticals and pesticides so it was only natural that we moved into this field." All these rapid-fire expansions gave a tremendous boost to the company's gross income. It jumped from Rs.9.6 crores in 1982 to Rs.33.3 crores at the end of 1985 and to Rs.71.2 crores in 1986-87.

The expansions were made possible largely because Gupta as the owner took away very little of the company's profits. As much as 97 per cent of the total earnings were consistently reinvested in Lupin. "Thus we were able to reduce borrowings and at the same time maintain profitability," Gupta says. The company's net worth now stands at a high Rs.20 crores. Says N.M. Mistry, executive director of Central Bank of India, "Financially Lupin is among the best large companies we deal with today. They have consistently done better than promised every year in the 18 years that we have lent them money."

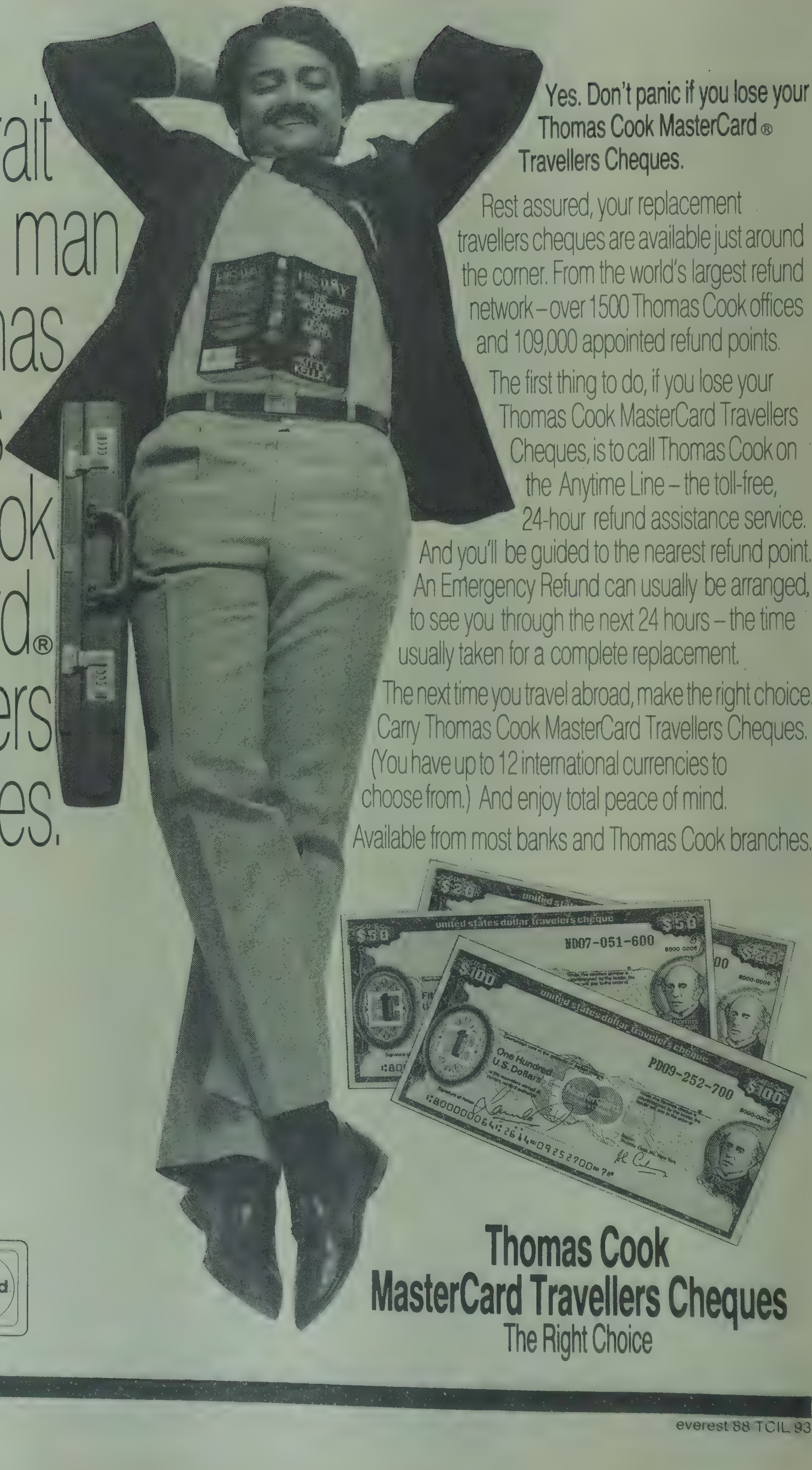
Having grown through its second decade at a blistering pace, Lupin now shifts to an even higher gear as it prepares to meet its targeted annual turnover of Rs.500 crores three years from now. This would involve not only expansion of capacities and production at existing facilities but also diversification into other related and unrelated fields at new plants being set up in Bhopal. Exports will be a major thrust area. Starting with exports worth a few laks of rupees four years ago, the company last year had sales abroad worth Rs.8 crores and plans to push it to around Rs.70 crores by 1991. Most of the export earnings will come from the sale of bulk drugs. Says Kapadia, who is in charge of exports, "We now produce 1 tonne of ethambutol a day. In most TB-prone countries the demand is for just about 15 to 20 tonnes annually and so it is not economically viable for them to set up a bulk drug plant. We hope to cash in on this."

The company's diversification into pharmaceutical-related fields in the next few years will be centred on a new 60-acre facility at Mandideep, 20 kms from Bhopal. The central showpiece here will be an R&D lab being set up at a cost of Rs.1.5 crores. Most of the research here will concentrate on bio-technology and the company hopes to market the first of the diagnostics made from this technology by the middle of next year. These are high technology items used in pregnancy tests, myocardial infarctions, tests for foetal lung maturity, etc. Lupin is also collaborating with the US giant C.R. Bard in the manufacture of surgical disposables which would help upgrade hospital management practices in the country.

Production from Lupin's first major diversification outside the field of health care should start as early as next month. In 1986 Lupin promoted a public limited company under the name of Polynova Industries Ltd to manufacture synthetic leather at a Rs.9.6-crore plant set up in Goa with Italian and German assistance. Synthetic leather, which till now was used largely in automobile and household upholstery, is now finding a growing market in the country with the rising popularity of sneakers and sports shoes. The uppers of these shoes use synthetic leather. There are already a large number of manufacturers both in the organised and unorganised sector making these shoes and in the coming months two world leaders in the field, Adidas and Puma, are expected to hit the Indian market (Adidas in collaboration with Bata and Puma with Carona). With the scene hotting up, Lupin plans not only to cash in with its

Aurangabad bottling plant

Portrait of a man who has lost his Thomas Cook MasterCard® Travellers Cheques.



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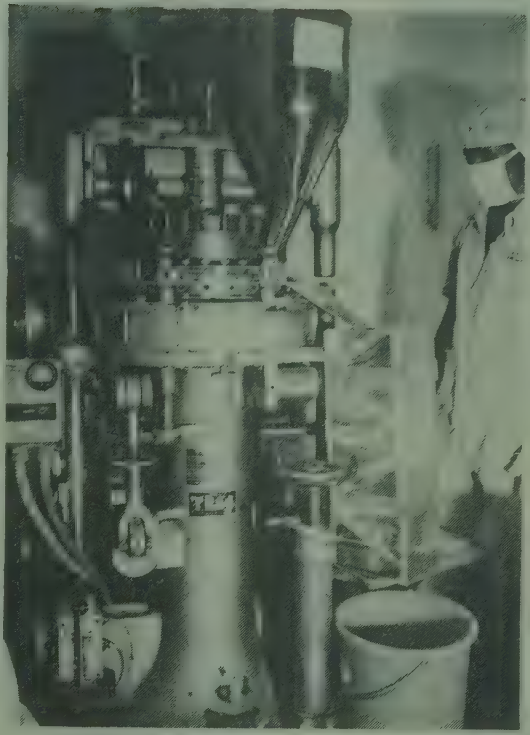
range of synthetic leather but also finally enter shoe manufacturing itself. "This is going to be a giant market and I hope to get into it as fast as possible, maybe in collaboration with another of the world leaders in the field," says Gupta.

Also being implemented is a project for the manufacture of a group of bulk drugs at Bangkok in Thailand. Promoted by the Thai government, this plant, using Lupin's technology, is expected to cost Rs.9 crores and will go into production sometime next year.

Lupin is going in for a major expansion of the bulk drug plant. Gupta is planning to set up a 100-tonne fermentation plant that will enable the company to manufacture the top seller rifampicin from the basic stage. At present it is made from the intermediate stage and the raw material is imported. The technology-intensive project will cost around Rs.35 crores, which will make it the largest investment the company has made so far in any single unit. But an impediment is that the government in the new DPCO has reduced the mark-up on the product from 100 to 75 per cent. "It is simply not viable at this mark-up to put up this plant," Gupta says, "We have made representations to the government saying that being an anti-TB drug it is an item of national priority. The country will be able to stop the import of intermediate stage raw material as well. But we will have to wait and see how the government reacts."

So Lupin today is in a situation that is very similar to the one Hindustan Ciba-Geigy found itself in over a decade ago. Ciba-Geigy had also then proposed to set up a plant for the manufacture of rifampicin from the basic stage. Given the high capital cost of such a plant, the company wanted to be assured by government of a reasonable return on investment. Says M.N. Karani, chairman, Hindustan Ciba-Geigy, "We finally dropped our proposal since we could not get any assurance from government of a reasonable mark-up on rifampicin. It would have been suicidal to go in for such a large capital investment."

Technology development has been at the heart of every Lupin project and has contributed substantially to the company's growth from the beginning. The technologies Lupin developed for itself include those for the manufacture of ampicillin, amoxycyclin, ethambutol hydrochloride from DL2, rifampicin from intermediate stage, cephalexin from penicillin-G, etc. "Our R&D efforts have always given us a decisive edge over our competitors," says Sharma, "We have all along cultivated this R&D culture in the company. All products made by Lupin, I can say with pride, are the result of our own technological effort." Adds Gupta, "It has been one of our greatest strengths. Being a scientist by education I have always known the benefits of good R&D."


A tabletting machine

R&D will play an important role in all the company's future projects as well. The Bhopal R&D centre which is fast coming up will employ as many as 70 scientists when completed. Another centre coming up at Rishikesh in Uttar Pradesh will conduct research into cultivation of herbal plants used in ayurvedic products that are to be added to the fast-expanding formulations range of the company.

An equally important role in the company's progress has been played by two other factors — labour management and professionalism. Lupin is one of few companies in the country that employs close to 2,000 employees but does not have a labour union. Consequently, its working has never been hampered by any kind of employee-management dispute over pay or working conditions. Says Gupta, "From the beginning I have striven to inculcate in our employees a sense of oneness with the company. The feeling that the company belongs to everyone runs high."

Another crucial element in the company's growth has been Gupta's policy of a total reliance on professional management. The best example of this is the fact that none of Gupta's four brothers are today involved in the day-to-day working of the company, nor do they hold any equity stake in the company. The last of them left Lupin's active management in 1982. Says he, "This takes away the possibility of any management conflict that may arise when brothers and relatives are involved in running large companies. I have always maintained that relatives come in the way of sound professionalism. You can't treat your brother as dispassionately as you would treat your manager."

Gupta has helped each of his brothers set up pharmaceutical and related units of their own and they together now achieve a turnover close to Rs.30 crores. Says he, "Each one thus has the fullest scope now to grow on his own and since none of them has any kind of equity involvement in each other's companies, the possibility of any money-related family conflict is totally ruled out."

As for Lupin itself, the professional managers enjoy the kind of freedom which one of them describes as bordering "on the freedom to commit mistakes". Says Sharma, "We don't have any system of management hierarchy in this company, but a system of networking among the top management team." Adds Kapadia, "This has helped every manager to contribute his best to the company creatively, free from fears of being reprimanded for failures. And the result is there for everyone to see." All the top managers in the company have been with him for 10 to 15 years. "They manage the company now," he says, "I visit my factories just once a year and that is enough."

So while the company continues to be professionally managed, Gupta spends a good portion of his time now on a major rural development programme Lupin is sponsoring and implementing in Bharatpur, Rajasthan. The company has put an initial Rs.1 crore in this project that will help about 100,000 poor people to better their crop yield, and will develop animal husbandry and small cottage industries in the area. "We are planning to start work on Gandhiji's birthday on 2 October. It is a project that will work towards the total development of people in that area — economic, social and ethical. They will be helped to become more self-reliant." A full-time chief executive employed by the company and more than a dozen social workers will look after the project. "This project," Gupta says, "is part of Lupin's greater role in society. Business after all has a role to play in the larger development of the country rather than just make money."

■ N. RADHAKRISHNAN

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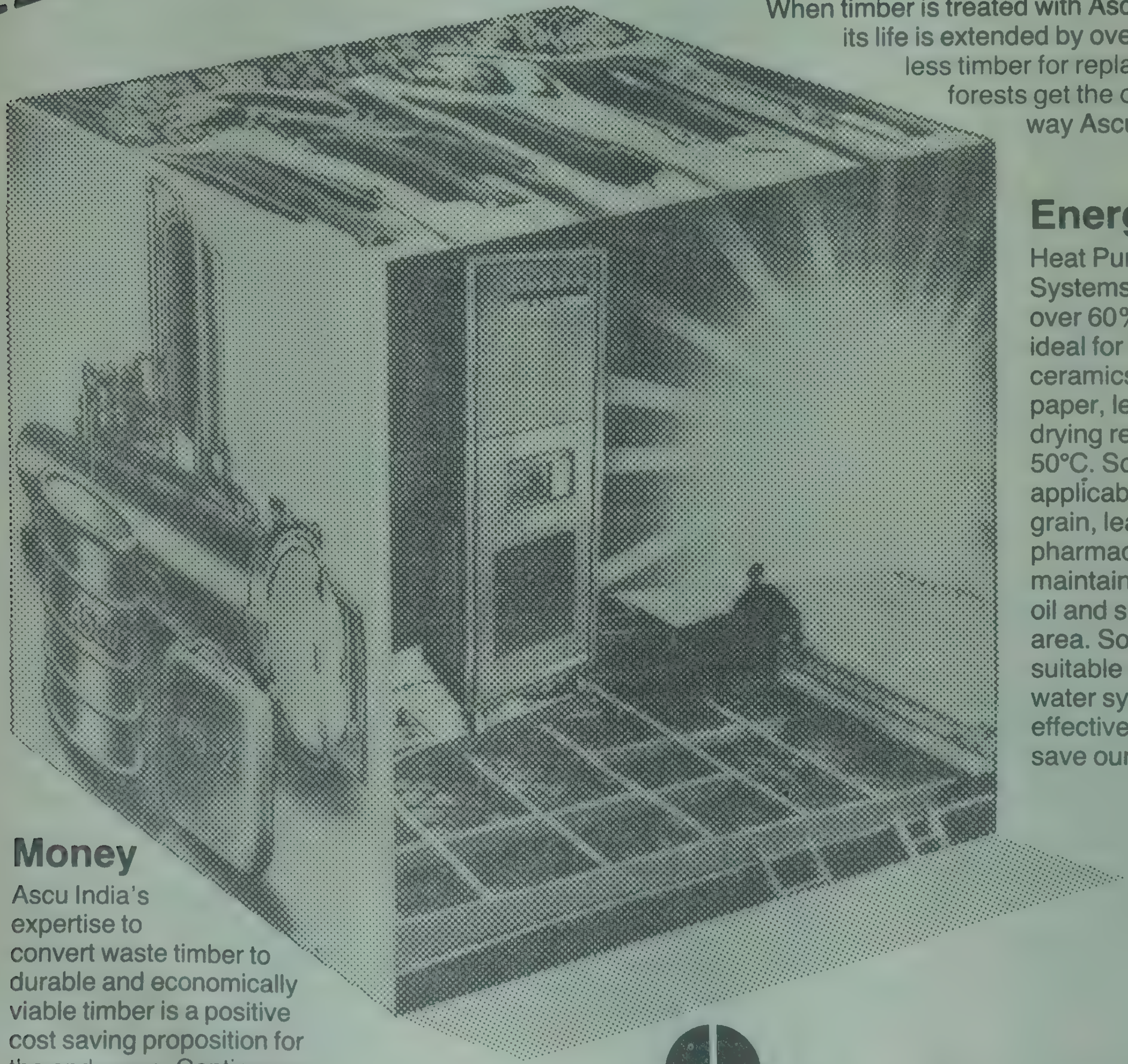

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Phoenix-AI-1128/88

ORKAY SILK MILLS

Spinning in trouble

Despite improved performance during 1987-88, Orkay continues to face a severe liquidity crunch. An internal assessment made last month by the State Bank of India has shown up a number of "irregularities" in the company's account amounting to Rs.19 crores. But Orkay may still be able to weather the storm

When Orkay went public in November 1984, expectations ran very high. The ad slogan, "Now it's the age of Orkay", projected the aggressive confidence of Kapal Mehra, the portly chairman of Orkay Silk Mills Ltd. The key word was "now". It seemed to imply that after the obvious success of Reliance with investors, the future would thenceforth be Orkay's.

But corporate watchers believe Mehra's ambition to imitate and even surpass Reliance has proved to be Orkay's undoing. Today, despite modern equipment, brisk demand for polyester yarn and reasonable profit generation, the company continues to face a severe liquidity crunch. Even though there was a substantial improvement in sales and profits last year (see table), Orkay remains strapped for cash. This is because whatever cash it generates is used up to settle the huge pile up of liabilities. An internal assessment made by the State Bank of India (SBI) last month concludes that "the company has been neither adhering to any financial discipline nor fulfilling its commitments. The company's actions, so far, do not inspire any confidence".

A strong indictment indeed. But not baseless. The SBI assessment lists a series of "irregularities" in the company's account since November 1986. These irregularities with SBI now amount to Rs.10 crores. This is over and above the irregularities of Rs.9.14 crores with the other banks in the consortium.

Going into details, the assessment notes that:

- Beginning November 1986, the company's cash credit account became irregular following depletion of stocks
- The situation worsened with Orkay defaulting on its deferred payment guarantee (DPG) instalments (of foreign currency loans for equipment imports) and letter of credit (LC) debits. By October 1987, the aggregate irregularity amounted to Rs.3.54 crores
- The banks, keen "to avoid any precipitous action by (the) foreign currency loan syndicate", released fresh funds between November 1987 and January 1988 to enable the company to meet its DPG and LC commitments. As a result, the irregularity increased to Rs.10 crores
- Short-term funds of Rs.5.65 crores were diverted to long-term uses in 1987. This was over and above the use of a part of the proceeds of the convertible debenture issue of Rs.31.50 crores floated in September 1986 for repayment of public deposits and inter-corporate deposits
- Meanwhile, in January 1988, the company applied for an increase in working capital limits from Rs.18 to Rs.30 crores. But the banks have withheld their decision on the ground that the working capital requirement was indeterminate since the company's modernisation was still underway and would be financed by its current non-convertibles issue.
- The company was not routing its sale proceeds through its account with the bank. It was neither submitting regular stock statements nor maintaining proper stock registers, making verification by bank officials difficult.

Based on these facts, the assessment concluded that the company must be disciplined and that it "should not harbour any impression that they can take the banks for a ride."

Commercial bankers as well as merchant bankers are unanimous in their opinion that the numerous irregularities in Orkay's accounts with the commercial banks may not *per se* have been a matter of deep concern, large though as these are. "Irregularities are quite common and almost every large company's account shows them up from time to time," says

apal Mehra (right) facing shareholders: anxious moments

ne commercial banker. In Orkay's case,
hat has raised their hackles is the fact
hat these were brought on not because of
apid growth and expansion but primar-
y because of Mehra's fateful decision to
rop up Orkay's share price "the Reliance
vay". Shocked by its steep decline (from
round Rs.180 per share to Rs.95 between
uly and December 1986) and unnerved
y the negative impact it could have on
nvestor confidence, Mehra decided to
nake large market purchases of Orkay
hares through several "associate" textile
rocessing concerns. (Under Indian law,
ompanies cannot trade in their own
hares. Hence, the necessity to route such
ransactions through these firms).

But no matter how hard he tried, the
rkay share failed to perk up. Reasons:
he stockmarkets had already turned
earish; the profits of synthetic textile
ompanies including Orkay's were on the
ownturn and Mehra, unlike an astute
layer, refused to call it quits even when
he stakes got too high and chances of a
in too dim. Result: he lost, according to
narket sources, anything between Rs.50
rores and Rs.60 crores and got deeply
ndebted to informal financiers who pan-
ked and in turn sent the share price
umbling to new lows. The Orkay manage-
nent itself has now admitted to its
ankers that it did incur a substantial
oss in trading on its own shares in the
narket.

Having stumbled badly in the trading
ing, Mehra finally gave up. But in the
neantime, the associate concerns had
lready lost a lot of money and were
nable to repay the loans they had taken
rom Orkay. So Orkay decided to acquire
heir land, buildings, machinery and
ther assets in part settlement of their
ues. These assets were purchased in the
atter half of 1987 at a price determined
ot by independent valuation, but by
rkay's own valuers. The total considera-
on was worked out by these valuers
M.C. Punjwani and Kanti Karamsey &
o., both chartered engineers and ap-
roved government valuers based in
ombay) to be over Rs.25 crores.

According to information now avail-
ble from the banks, the associate con-
erns owed Orkay more than Rs.35 crores.
o about Rs.10 crores in dues have still
ot been paid to Orkay. Moreover, the
anks have found that the gross book
alue of the assets taken over by Orkay is
s.9.92 crores and the written down (or
epreciated) value Rs.4.10 crores. Appar-
ntly, the prior approval of the Industrial
evelopment Bank of India (IDBI), which has given a counter-guarantee on some of Orkay's equipment imports and has two nominee directors on its board, was not sought for the acquisition even though the DPG agreement requires the company to do so.

Orkay: Improved performance

(Rs crores)

Year ended 31 March	1988	1987
NET SALES	166.00	148.00
OPERATING PROFIT	25.87	16.56
INTEREST	8.15	5.27
GROSS PROFIT	17.72	11.29
DEPRECIATION	5.60	3.44
PRE-TAX PROFIT	12.12	7.85
TAX	2.00	—
NET PROFIT	10.12	7.85
NET WORTH	114.00	69.00

Whether or not the acquired assets are really worth Rs.25 crores, the purchase dried up Orkay's cash reserves. The assets were merely transferred to its books; there was no cash inflow. Moreover, the balance dues of Rs.9 crores to Rs.10 crores have still not been repaid to Orkay. Coming as it did when the company was in the process of modernising and expanding its operations with the acquisition of 100 Sulzer looms, the severe liquidity crunch threw it completely off balance. So much so that 89 of these looms have been lying in the customs bonded warehouse for more than two years now; the company is unable to clear them for lack of funds. Clearing these looms will now cost Rs.17.4 crores (in the form of customs duty, interest on that duty, warehousing expenses, etc.). Compare this to the c.i.f. value of the hundred looms — Rs.23 crores.

To extricate itself from this incredible mess, the company decided to tap its shareholders for money. It first came out with a rights equity issue in early 1988 with each share of Rs.10 offered at a premium of Rs.4. The issue was quite successful despite the depressed state of the stock markets and a not-too-high cum-rights share price of Rs.20 to Rs.25. It brought in over Rs.19 crores. However, most of this money had to be immediately paid out: Rs.10 crores to reduce irregularity with the banks, particularly with SBI, Rs.5 crores to liquidate a bridge loan advanced by Canara Bank against the rights issue and over Rs.3 crores to meet the 50 per cent cash margin on amnesty guarantee. (The government granted an amnesty last year to Mehra, who was earlier jailed for alleged excise and customs duty evasions of Rs.14.3 crores, on condition that he pay up Rs.6 crores and furnish a bank guarantee for that amount. The guarantee was obtained from the banks against a 50 per cent cash margin).

The equity issue was followed by the current rights non-convertible debenture (NCD) issue of Rs.32 crores. (The issue opened on 19 June and now closes, after an extension, on 1 August). So far the shareholder response has been very poor: "not even 10 per cent," says a merchant banker. But this is quite common nowadays with most such issues. So a consortium of banks and institutions will come to Orkay's rescue under the stand-by arrangements made with them by the company. The proceeds of the issue will be used to clear the Sulzer looms (Rs.17.4 crores) and the balance will be used to substantilly reduce the cash credit and other account irregularities with banks (Rs.10 crores) and further secure the amnesty guarantee. So what the banks now give with one hand will come back to the other. But, in the process, everyone is hoping that Orkay will soon spin its way out of trouble.

Reacting to the way the company's funds have been mismanaged, many observers are critical about continued support of the banks and institutions to the existing management. "Why should the Mehras be allowed to continue to manage Orkay?" asks a senior banker. "The way they have run a good company to ground, they no longer deserve to be at the helm."

However, many bankers who have dealt with Orkay take the usual conservative view that the existing management is the best bet to turn the company round. "After all, the Mehras know the company inside out," says one of them. "Moreover, Mehra appears to have learnt a lesson and now seems sincere about putting Orkay back on track."

For the present, all eyes are on the NCD issue which is critical for Orkay. Profitable companies frequently face cash shortages. This does not necessarily mean that they have no future. And there seems to be a fair chance, given institutional and bank support to its debenture issue, that the company will soon be out of the liquidity crunch. Then Orkay, essentially a profit-making company, can look forward to a more promising future.

■ MUKARRAM BHAGAT

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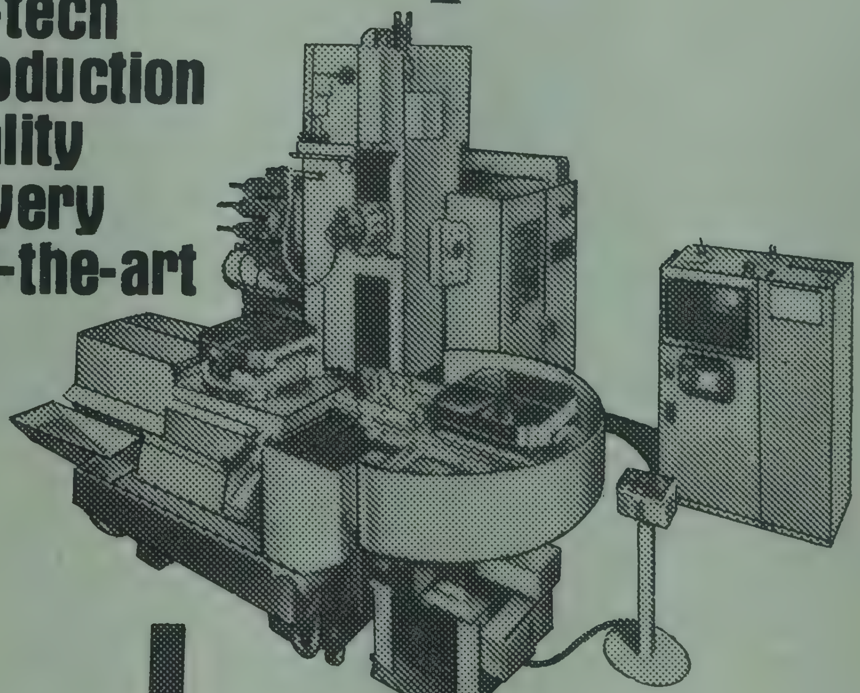

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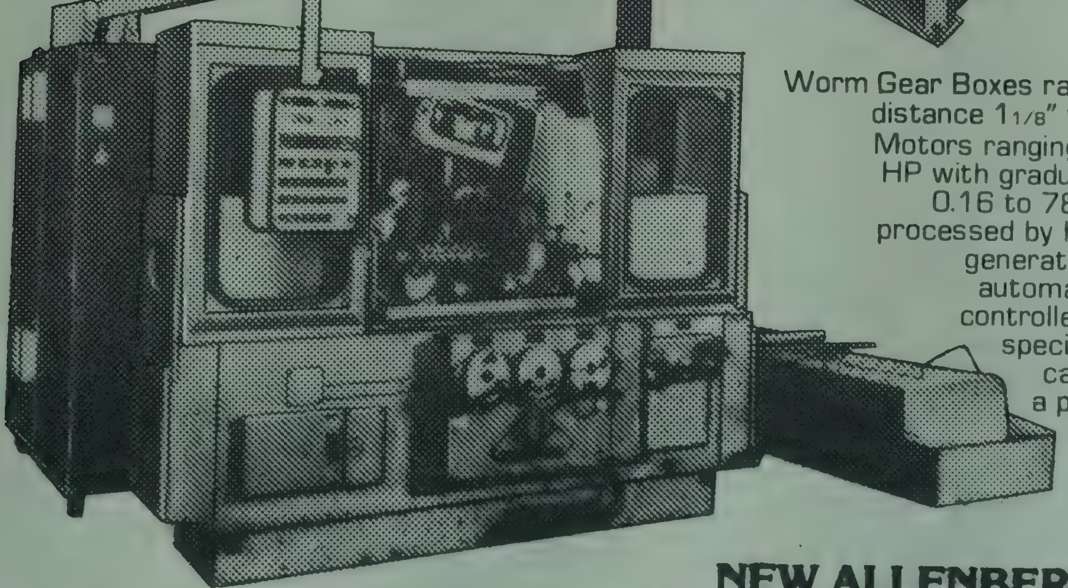

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ATA INDIA LTD

Locked in battle

either the management nor the unions of Bata India Ltd look like ey're going to budge an inch over the lockout at the Batanagar factory. he West Bengal state government may have to intervene to resolve the npasse

fter years of militant unionism in West engal, it now seems to be the turn of ompany managements to dig in their eels — Metal Box, Gramophone Com- any of India, and now Bata India. The oot's on the other foot, as one wag says. ata decided to call a lockout at its ctory at Batanagar on 9 July. The move as alarmed its 10,000-strong workforce d rattled state government officials. abour minister Shanti Ghatak and la- our commissioner Sabyasachi Sen have d meetings with the Bata management.

The management however is deter- ined not to lift the lockout, in view of hat it describes as a "series of unlawful, rongful, wilful deliberate acts, and fre- ent illegal and unjustified strikes by e factory workers". The lockout accord- g to the management, "is the inevitable lmination of a series of incidents which ave made it impossible to keep the ctory running".

In the first week of July production in e rubber and canvas footwear units at atanagar dropped by 15 per cent follow- g a strike by workers in some sections. espite efforts made by the management rough negotiations and persuasion, ere were no signs of the strike being lled off.

According to the terms of a tripartite ng-term agreement signed in Septem- r last year with the Batanagar Mazdoor ion (BMU), the workers were given an crease of 20 per cent in wages and nefits. It was also agreed that there uld be no fresh demands on the part of e unions or disputes about the settled rms of work. Despite this, a section of e workforce indulged in more than 120 ses of illegal strikes and subversive tivities, according to the management.

Robin Majumdar, president, BMU, wever, differs radically in his percep- n. He says, "It is wrong to suggest that rkers have violated any agreement. A ge part of the present battle with the nagement involves the issue of pro- tivity norms. In Bata, part of the ges are linked to productivity, and duction norms were so far being out- ed by a production advisory committee, which had representatives of both the management and the union. Now that Bata is changing its style of functioning and also its product range, rescheduling of production norms is being called for. But the management wants to dictate production norms without giving union representatives any say in the matter. Moreover, the lockout is illegal, as the management cannot declare a lockout in respect of disputes pending before the seventh industrial tribunal, including the one concerning the employees of the rubber factory."

Far from making any conciliatory moves, the Bata management on 16 July submitted a 37-point charter of demands as preconditions for lifting the lockout. The demands chiefly concern the revision of productivity norms, the abolition of some departments at Batanagar, and individual undertakings from workers guaranteeing normalcy at the factory. The charter of demands also deals with the issue of labour rationalisation in various areas of production. If the move materialises, it is expected to render about 500 workers surplus. With the BMU refusing to accede to all the proposals, it is likely that the present impasse will continue.

While the immediate crisis was allegedly sparked off when the workers in the printing press, followed by those in the rubber and leather sections struck work, the general impression is that the Bata management's real reason for the lockout is that it wishes to phase out operations at Batanagar. The allegation is vehemently denied by the management. Says a senior executive of the company, "Where is the question of phasing out operations, especially after we have spent Rs.10 crores on modernisation over the last three to four years? On the contrary, we have been doing our best to revive the factory (which had started making losses following severe labour problems) by bringing in the best management experts."

Despite this explanation, people within the industry and especially the trade unionists are not convinced. The Batanagar factory, the oldest amongst Bata India's five units (at Faridabad, Batagunj, Batanagar, Mokamehgat and

Canvas shoe assembly lines at Batanagar: productivity is not the point?

Bangalore), has been a headache for the management for a long time.

The factory (which manufactures mainly rubber and canvas shoes) is a massive set-up, requiring skilful managerial talents, to utilise its full capacity of 30 million pairs a year. Productivity has been low, between 50-60 per cent capacity, and operations at the Batanagar factory are seen as no longer viable. With the worsening of industrial relations at the factory, according to a Bata spokesman, "the losses of the Batanagar factory for the year 1986 and 1987 were Rs.7.1 crores and Rs.3.6 crores respectively".

The operating results for the last few financial years clearly show that Bata's profitability has been under strain. Despite a 14 per cent increase in turnover (from Rs.226.9 crores in 1986 to Rs.259.5 crores last year) profit before tax was Rs.7.02 crores, less than the 1984 figure of Rs.7.55 crores. Profitability took a dive by about Rs.1 crore in 1985, and in 1986 the PBT was only about Rs.4 crores. This, however, is explained by the fact that the company had to pay its pending excise dues last year. The increase in Bata's turnover may be misleading; the volume of production over the last couple of years has remained more or less the same while value has gone up because of frequent price increases.

Given the constraints which a large corporation such as Bata has to face — a huge workforce and sizeable infrastructure involving high operational costs — it is understandable that the company, favours rationalisation schemes. One of Bata's earliest forays was into contractual operations: getting the small-scale sector to manufacture footwear in strict accordance with the company's stringent specifications and guidelines. This involved practically no overheads at all except in marketing and advertising, areas in which Bata has always been strong — it has a chain of about 900 retail stores spread over the country. Contracting proved a great success, and currently it is estimated that Bata's purchase operations amount to nearly 40 per cent of its total production. Emboldened by this, Bata at its recent annual general meeting announced several plans — manufacturing of more sports shoes (on the lines of the Power range which is mainly responsible for the turnaround in the company's fortunes since 1985), diversification into real estate, marketing of perfumes, garments and even electronic goods in collaboration with Peico India. The company is thus placing as much emphasis on its marketing activities as on its traditional manufacturing business.

MD V.K. Lamba: in no mood to budge

The union thus contends that operations at Batanagar, which have become a drag on the company's profitability, are likely to be vastly reduced. Bata has plans to transfer capacity of two million pairs of leather footwear from Batanagar to Raninagar, a new factory being set up in north Bengal. Earlier, capacity to manufacture two million pairs of rubber and canvas shoes was shifted to Bangalore.

Says a company spokesman, however, "The transfer of a small part of the capacity (two million pairs of the 30 million pairs capacity) has nothing to do with reducing production at Batanagar. On the contrary, capacity utilisation at Batanagar has been very low (in 1986 and 1987 production of rubber and canvas footwear was only 13.6 million and 15.9 million pairs respectively) mainly due to the unreasonable attitude adopted by the workers."

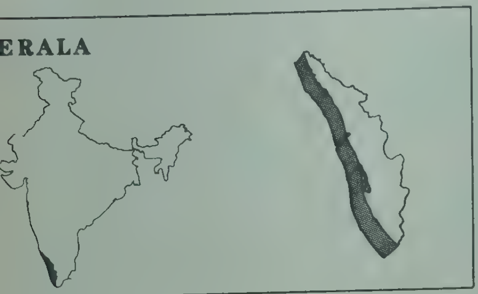
Majumdar counters this by saying that the low productivity has nothing to do with the workforce. The management, he says, refuses to utilise the existing capacity, preferring instead to rely on contract labour. "The government should take strong steps," he says. "It is difficult to understand how the company can be allowed to keep the licensed capacity unutilised and at the same time get work done from outside. This is a fraud on the unsuspecting consumers." Thus the main grouse of the union is the issue of Bata's contract operations.

The union alleges that Bata, from being a predominantly manufacturing organisation, is becoming a trading organisation which necessarily means a smaller permanent workforce. Corporate observers believe that in today's competitive business environment Bata's age-old marketing skills and strengths can be used to maximum advantage. But all agree that lockouts should not be resorted to.

The management's decision to go in for a lockout has come as a surprise to many, especially at this time, when the company has in its AGM announced its intention of putting its best foot forward. With the company's range of leisure and sports shoes North Star and Power (both of which were major breakthroughs in the market) doing excellently, its long- pending proposal with the union government for a collaboration with the famous Adidas group having received the go-ahead, and with several major diversification projects in the pipeline, the latest problem at Batanagar might seriously inconvenience the company.

Company officials too are unsure about how things will go. A senior executive admits, "Our future performance depends to a great degree on how long the lockout lasts." The management says that it is keen to have the problem resolved as early as possible and is keeping chief minister Jyoti Basu "informed about developments". But it is becoming quite evident that some high-level intervention might be necessary.

■ MADHUMITA BOSE



Jnemployment is Problem No. 1

God were to randomly dip into the man basket that is India and pull out a ndred of its inhabitants, statistical ances are that close to four of them will Keralites. But if he were perverse ough to confine his grabbing to unem- oyed, job-seeking Indians, he would me up with no fewer than ten hapless eralites.

The scourge of unemployment has ached awesome proportions in Kerala. atistics recently compiled by the state vernment's department of economics d statistics provide a more authentic ssessment of the situation than the gures available from traditional sources e the directorate of employment and aining which regularly publishes the umber of live registrants in the employ- ent exchanges).

The department's survey estimates at at the end of 1987 Kerala had 4.3 illion job-seekers. Of these 2.78 million ere chronically unemployed (those who d not worked even a single day during e reference year but were available for d had sought employment), and 1.53 illion lakhs underemployed (those who d worked for at least one day but were nemployed for the major part of the ear, though they sought work). Only one- urth of Kerala's working population as employed for more than 300 days in a year. During the period of survey, Kerala's labour force constituted 38.7 per cent of its estimated population of 27.76 million.

How the unemployment problem has grown can be gauged by a glance at the number of job-seekers registered in the state's employment exchanges. The Kerala state planning board put the figure at 487,000 in 1970-71. In the next decade this rose to 1.95 million and by 1986-87 it had touched 3.03 million.

But the live registers of employment exchanges do not provide an accurate picture of unemployment. Firstly, not every jobless person bothers to register, though the facility is open to anyone above 14 years of age. In Kerala, the exchanges are often ignored since permanent posts in government departments, autonomous bodies and public sector units are filled through public service commission recruitments, and sometimes through advertisements. Private organisations, needless to add, seldom scout around employment exchanges for potential employees. Secondly, live registers are unreliable because those who get jobs continue to hang on to their registration, hoping for a better placement later.

At any rate, patience is indispensable in Kerala's skinny job market, going by the present survey which seeks to overcome these data limitations. It found that over 81 per cent of the unemployed had been waiting for a job for more than a year, while 21 per cent had been biting their nails for over five years.

Interestingly, over half the jobless Keralites are female — 1.46 mllion, compared with 1.32 million males. In urban areas, 59 per cent of the female labour force remains unemployed.

The survey estimates the work participation rate, covering both "main" and marginal workers, at only 28.7 per cent of the population. This is lower than the 30.5 per cent level reported by the 1981 census. Between 1981 and 1987 the proportion of employed persons (main workers) to total population declined from 26.7 to 23.2 per cent. But the proportion of underemployed (marginal) increased from 3.8 to 5.5 per cent.

The survey advances two reasons for the fall in the proportion of main workers: the shrinking of cultivated area under many labour-intensive crops like paddy and tapioca, and the drought of 1987. The increase in the proportion of marginal workers is because many main workers shifted to marginal worker status due to the reduced number of days worked during the year of reference.

Kerala's tardiness in employment generation is due largely to its industrial inertia. The index of industrial production (base 1970=100) fell from 187 in 1980-81 to 171 in 1986-87. This drop was aided by last year's power shortage. During this same period the number of registered factories increased from 9,106 to 11,489. But, ironically, the total jobs they generated declined from 300,000 in 1980 to 292,000 at the end of 1986. Further, many traditional labour-intensive industries like coir, cashew, handloom and oil milling, continued to languish.

Predictably, in this most literate of Indian states, most job-seekers had a relatively enviable educational status. Unemployment was maximum among those who had passed secondary school but were not graduates. Graduates and post-graduates were not far behind *(see table)*. Apparently, technical qualification is of no great value — unemployment was highest among technical certificate holders (52.37 per cent), followed by diploma-holders (22.25 per cent) and graduates (12 per cent).

Not surprisingly, therefore, Kerala's youth appear to be growing cynical. Students above 18 years of age were asked whether they wanted to continue their studies. Sixty-two per cent said "No". The most common reason offered: "What we've learnt is enough." Financial and family problems were other reasons offered.

The survey's findings confirmed some predictable urban-rural dichotomies: urban areas house more of the unemployed, while rural areas have a higher proportion of underemployed. The urban unemployed are more alert in scouting around for job opportunities. In rural areas, 30 per cent of the jobless made no effort to get employment; the percentage for urban areas was only 16.

These statistics only confirm what even

Kerala's unemployed

General education level	Labour force (thousands)	Employment seekers (thousands)	Incidence of unemployment (%)
ILLITERATE	1,191	385	32.33
LITERATE WITHOUT FORMAL EDUCATION	668	195	29.19
PRIMARY	2,924	870	29.75
ABOVE PRIMARY BUT BELOW SSLC	3,507	1,600	45.62
SSLC	1,947	1,062	54.55
GRADUATES	444	176	39.64
POST-GRADUATES AND ABOVE	72	20	27.78
TOTAL	**10,753**	**4,308**	**40.06**

Source: Department of Economics and Statistics, Government of Kerala

Singapore Girl
Across five continents you're a great way to fly

casual observer of Kerala knows —
nemployment is the state's No.1 prob-
m. Curiously enough, there is no dearth
remedies. As far back as March 1975,
r instance, the Centre for Development
udies, Trivandrum produced a seminal,
uch-lauded study for the UN on pov-
ty, unemployment and development
licy, with special reference to Kerala.
s report noted: "The scope for increas-
g employment opportunities rests in
e main on the possibility of evolving a
ttern of industrialisation that takes
to account Kerala's specific resource
dowments."

To be sure, some of these, like hydro-
wer, have since got whittled down. But
e abundant resource remains: edu-
ted and skilled labour. Yet successive
vernments have not been able to de-
lop the appropriate, less capital-inten-
ve industries that would throw up more
s. No wonder then that the present
ft Democratic Front government's
omise to create a million jobs has been
eeted with scepticism.

K.G. KUMAR

ARNATAKA

Vhen will the ncentives aterialise?

ıen the Janata government came into
wer in Karnataka in 1983, it undertook
encourage rapid industrialisation of
e state to promote economic prosperity
l progress. While the previous Con-
ss government had already offered a
ckage of incentives and concessions for
ustrial investments in the state, the
ata government attempted to pub-
se this (and some new packages as
l) by inviting industrialists both from
er states and abroad to invest in the
e.

owever, on 3 June this year, when
ustries minister J.H. Patel announced
new package of incentives on the
iry of the previous one, reactions from
industry were subdued. Industrialists
felt that though the package was progressive and innovative, the prospects were not encouraging given the state government's record in implementing the previous package. Echoing their reservations, a senior official of the department of commerce and industries admitted, "Under the current financial constraints of the government and the dues worth Rs.30 to Rs.35 crores that it has to give out to various industries as subsidies, refunds, rebates, etc, we are apprehensive about the implementation of the new package."

Geographical growth zones have been redefined in the new package. Also, there are incentives for industries to move further away from areas of concentration. Keeping in view the financial constraints of the government, the interest-free component on development and working capital loans has been discontinued. However, the investment subsidy for industries in backward areas has been increased; sales tax exemptions and deferments have been proposed for these industries. Zone I, the area of highest industrial concentration, has not received any incentive in this package. However, interestingly, the electronics, telecommunications, food processing and bio-technology industries have been identified as emerging industries with incentives applicable to them wherever they are located.

Reflecting on the current situation in the state, with its severe power and water shortages coupled with the government's difficulties in honouring its financial commitments, K.C. Bhatt, a small scale industrialist and vice-president of the Veerasandra Industrial Welfare Association, says, "Our system here is not geared for prosperity." On a stronger note, K.K. Arora, president of the pharmaceutical company Eskayef, says, "Industrial progress in Karnataka has taken place not because of government incentives, but despite them."

While government officials insist that large industries do not treat subsidies as a means of finance, they admit that medium and small entrepreneurs who may have taken for granted government subsidies and the interest-free component on development and working capital loans in their projects, are badly affected. Says S. Viswanathan, secretary of the Veerasandra Association, "Subsidies are treated as reimbursements and not given when they are needed. Why should the government trouble entrepreneurs with promises they cannot keep?"

The same situation applies to refund of sales tax and subsidies on electricity tariffs. While payments are made in full to the commercial taxes department and Karnataka electricity boards respectively, refunds are to be claimed from the department of commerce and industries. Of a total of Rs.8 crores due from the department to various industries as sales tax refund on diesel for captive power generation, barely Rs.53 lakhs was disbursed by the end of March 1987.

Such problems are not confined to local industrialists and those from other states. NRIs too, assiduously wooed by the government, have faced their share of hurdles. G.M. Krishna, a leading NRI with a Rs.8-crore investment in his Hoysala group, almost faced closure of one of his units because of drastic power cuts. However, while Krishna talks of positive efforts by the Karnataka State Industrial Investment and Development Corporation and the Karnataka State Financial Corporation, his group continues to face problems because the government has not settled subsidies of Rs.45 lakhs.

Says R. Viswanathan, secretary, Greater Mysore Chamber of Industry, "When the government is already burdened by its financial liabilities, why present more fiscal sops that it cannot honour? It would be more realistic to create physical inducements by way of better, improved infrastructural facilities for its industries." Adds small scale industrialist K.C. Bhatt, "The government delays providing basic infrastructural facilities to its industries, but when an entrepreneur defaults, his assets are immediately seized. In these conditions, an entrepreneur has a legal right to offset claims against what the governmet owes him.

Officials of the department of commerce and industries on their part, say that they are hamstrung by the financial crunch in the state and the meagre allocations made to the department. While income from manufacturing units accounts for 18 to 20 per cent of the state's income, the department is allocated a mere six to nine per cent of the state's total plan outlay. Officials say that in the current situation and with no respite in sight, it may take five to six years before it clears its pending dues to industry.

Meanwhile, entrepreneurs in the state will have to console themselves with what industries minister Patel has repeatedly said: a promise is a promise and each industrialist will eventually get his due. ■

RUGMANI PRABHAKAR

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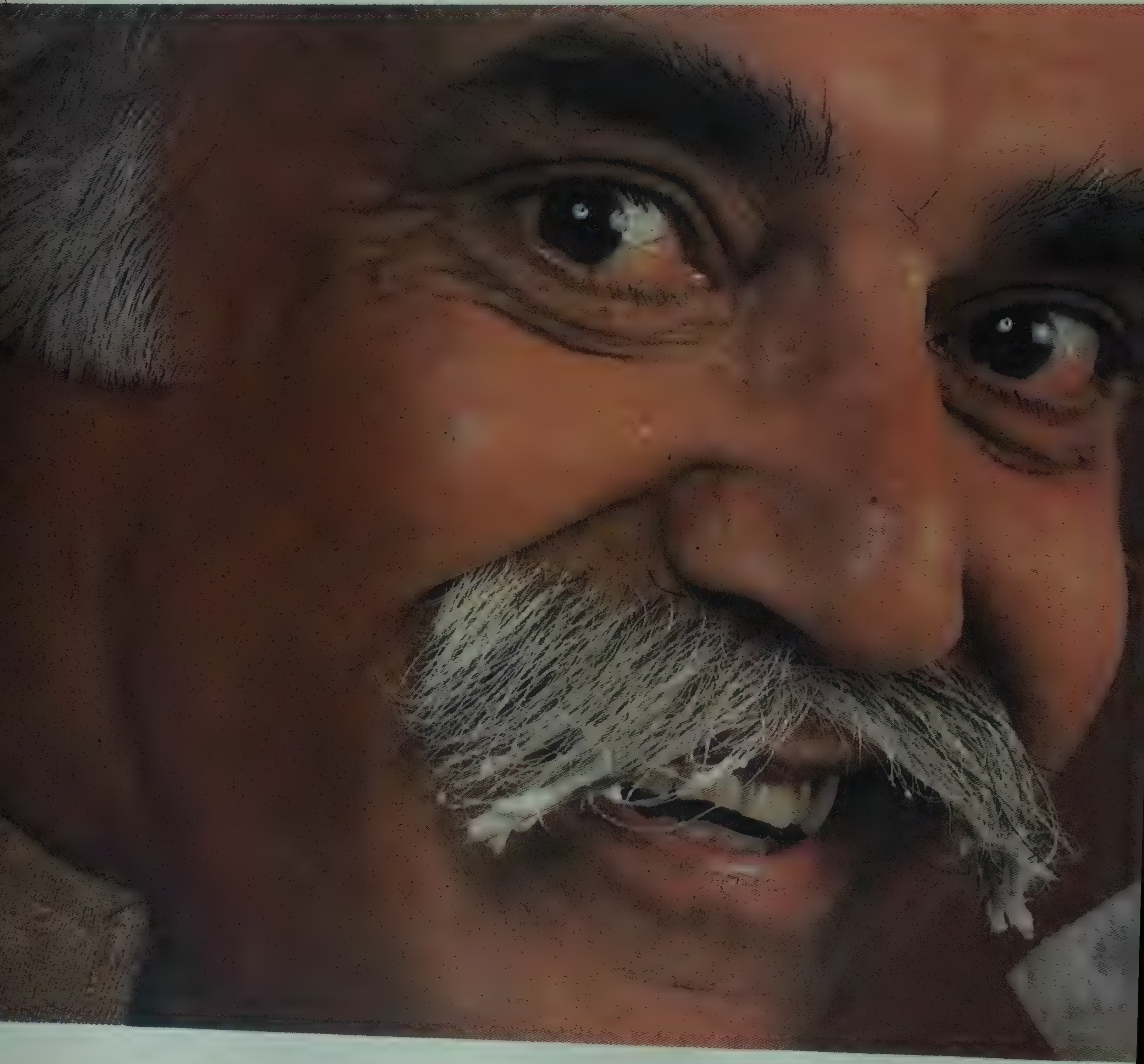
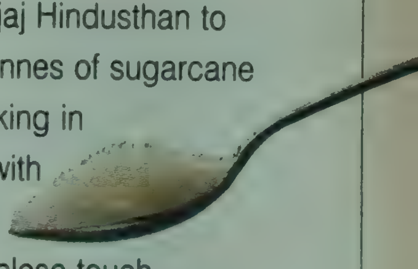


bajaj group



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UBLIC ADMINISTRATION

The Dharmic system and he State

e who live in the present are not respon-
ɔle for our past and, therefore, cannot
ntinue to let the past determine our
ture. But to ignore the past is to deny
rselves an understanding of the pre-
nt. As Napoleon lay on his deathbed, he
id: "May my son study history, for it is
e only true philosophy." This Napo-
onic advice has even greater relevance
day when the "modern" public man-
ers at the helm now, with their man-
ement concepts and philosophies
quired from the great centres of man-
ement education in the West, are grop-
g for a way to make our public
ministration more responsive to the
eds of our times. Unfortunately their
ear skills, often acquired at great per-
nal expense, are of little use unless they
e combined with an understanding of
r past, even if there is much in it that
ll demand a reappraisal of our under-
anding about inherited bureaucratic
tes.

The characters of the British colonial
adition of administration, and before
at of the Muslim feudal traditions, were
aped by one central problem: to pro-
le order to and collect taxes from as
st an area as possible with the least
mber of officials and representatives.
both cases the system was dependent
Hindu subordinates, though the trust
corded to them was always minimal.
e word Hindu is used to denote Indians
the bureaucracy because, though all
igious and caste groups served in the
reaucracy it was the Brahmins with
eir traditional inclination towards
holarly avocations who made up the
lk of the native bureaucratic corps.
condly, the word Hindu offers a clearer
tinction for some periods between the
rsian, Afghan and Central Asian Mus-
rulers and Indians. Later on these
re also to become Indians.

The central task of this system was to
eract with traditional Hindu society,
tract revenues and seek enhancement
these revenues without really interfer-
with the complex arrangements of
Hindu way of life. The role of Hindu
ordinates at the level of actual inter-
ion was extremely crucial as it facili-
ed the most ruthless exploitation with
least friction. Not only did the Hindu
ermediate bureaucracy serve to distance the alien ruler from the people but it also provided the ruling group a vital window to equip it with critical insights on Hindu society. In the process this intermediate bureaucracy became extremely wealthy and powerful. But even this was a small cost to the empires.

The lack of trust that characterised the relationship between master and intermediary, however, was to have long-term implications for Indian society as a whole. Though the Hindu bureaucracy mated effectively with the alien powers to produce an effective exploitative system, the relationship never was one between compatibles. The chasm of religion and culture was always too much to bridge. The Hindu partner never really accepted the legitimacy of the foreigner, whether Muslim or European. They were always seen as alien exploiters and this provided a moral basis for the diversion of state revenues into personal coffers. To the ruler this was only further confirmation of the validity of the mistrust and so, complex and elaborate procedures and systems of double checks were evolved to reduce the proclivity of the native bureaucracy to dip into the state's till. The British evolved the Totenham system as a management technique to serve this purpose. Today we see the legacy of this in the noting system on files as they slowly lumber their way to a final place of reckoning. Hindu ingenuity took all these attempts in its stride and found the ability to slow down decision-making itself an income-generating activity. Thus mistrust only begat further cause for mistrust. Nothing seems to have changed in the 40 years since the English left. The white sahib has now been replaced by a brown sahib. The only difference is that this sahib is more inclined to share in the loot than the previous one was.

As the Hindu philosophy of dharma was primarily concerned with the preservation of order, the duty of the State was primarily to provide order by protecting against external and even internal destabilising forces. When state power changed hands the transition to the new realities seldom posed problems for, both, the new central authority and traditional Hindu society. Internal challenges to state power were only posed when the State attempted to tamper with the essential fabric of Hindu society, either by attempting reform or by seeking to change customs or beliefs. Those who sought to rule India, whether Muslim or Sikh or English or even Hindu soon recognised this and slid into comfortable arrangements with traditional Hindu society. This is how India was governed or more accurately allowed itself to be governed till independence and the demands of modernisation came along.

Those who will dispute this view will almost certainly cite the building of highways by Sher Shah Suri, canal systems by the Moghuls and British, and railways by the British as instances of the benevolence and development orientation of these rulers. True, these works did benefit society as a whole by increasing production and facilitating commerce. But it must not be forgotten that the primary reason for undertaking these developmental works was to enhance revenues and facilitate easier transportation of goods to the commercial centers, and then overseas for conversion and consumption and re-export to the colonies with the value added accruing to the metropolitan country.

Traditional Hindu society was organised around village communities. Each village was largely self-sufficient for everyday needs and required little by way of services or goods from other communities. This did not mean that these village communities remained isolated from each other. Links of caste and custom extended out and by marrying outside the villges these links were strengthened. Within the villages the society was organised on caste lines and only the status of individuals within a caste group was determined by wealth. Compliance within this system was ensured by the acceptance of the principles of dharma. The philosophy of dharma is a complex subject and this is not the place to get into a discussion on it. What is important for us is that at the political level, dharma was the principle that regulated the activity of the various components of Hindu society. It was a complex set of economic, ritual, and service interactions that, by indirectly linking each member of the community to every other member, united personal dharma or one's duties with social dharma or the preservation of order. The studies of the sociologists K.S. Mathur and M.N. Srinivas, among others, while confirming this abridged view provide very valuable insights into the functioning of traditional Hindu society in our villages.

These two systems of public adminis-

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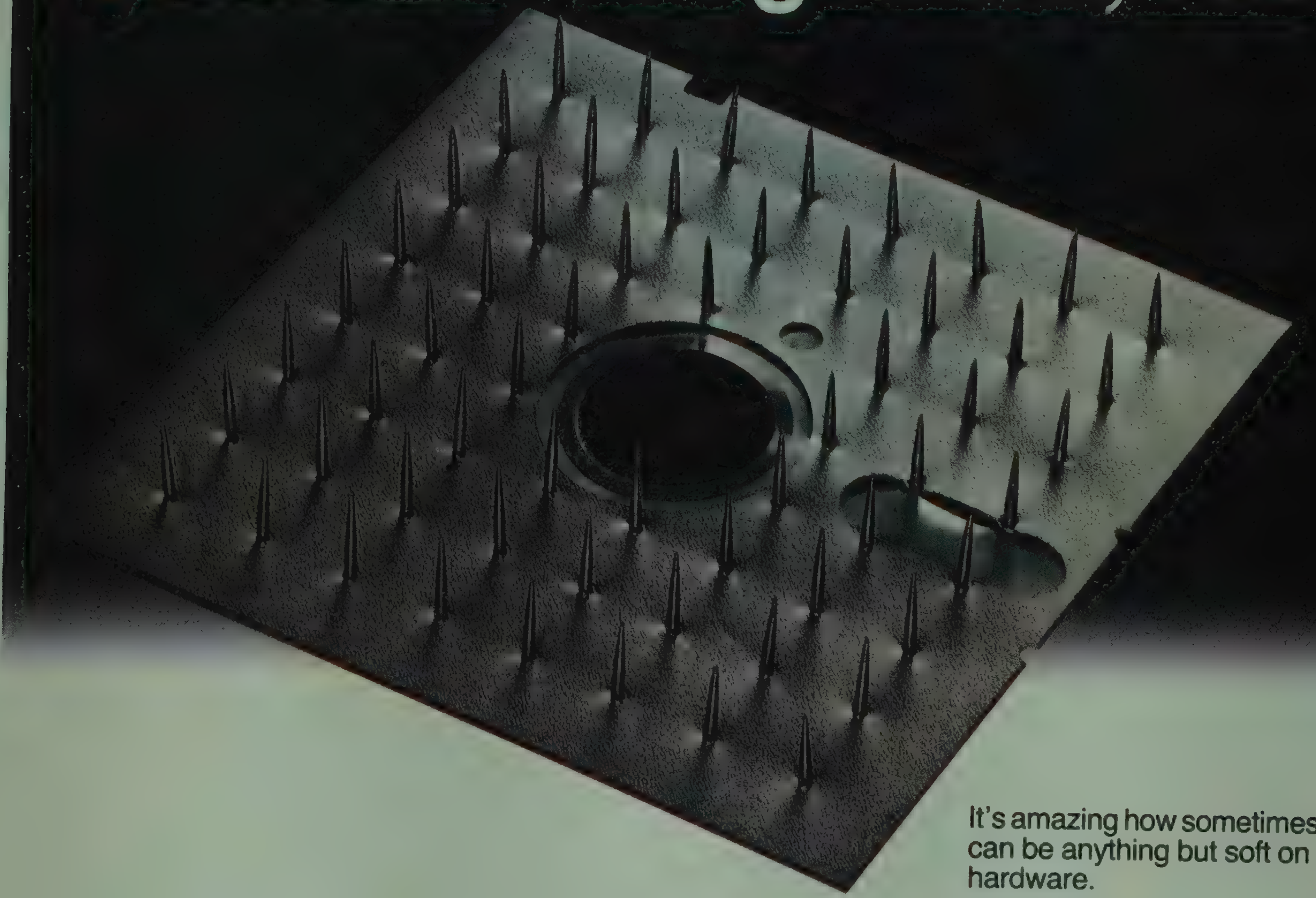

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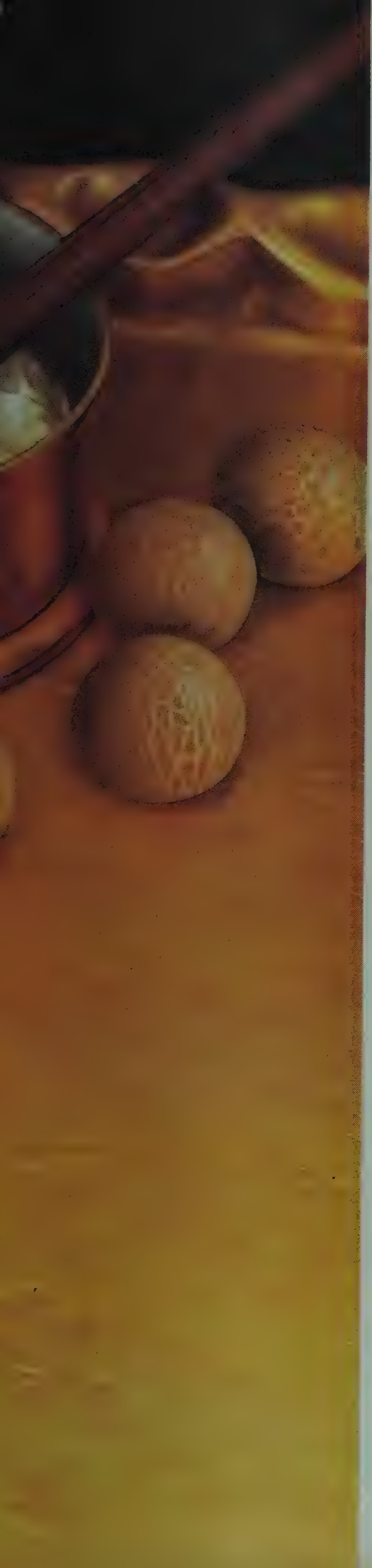

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tration co-existed and interacted with each other for over a thousand years after the first Muslim kingdoms were established in India. The continued extraction of surpluses from the primarily agricultural traditional system provided the opulence and grandeur of the State. The lure of the fabled riches of India which motivated many a foreign adventurer to seek his fortune in India was only enhanced by the ease with which these riches could be extracted from a poor country. Then, as now, there wasn't enough to go around for all, but even then, as now, a few got most. The bureaucratic system was in full bloom.

This was largely how it was till independence. With political power now in the hands of an enlightened and considerably westernised leadership, keen and committed to building a modernised and new society of equals, and a large and powerful economy capable of meeting the varied aspirations of a huge population, there certainly was a need for a new system of publc administration. Whereas the earlier systems were meant to preserve order and facilitate the collection of revenues, the new objectives of the State called for a public administration that would not just govern but also serve, and would not just take but also give.

This was exactly the situation Lenin and his comrades found themselves in after the October Revolution, or the founding fathers found themselves in after the American Revolution. Both went about the task with certain initial simiarities. Both nations dismantled the existing systems, and created new systems o suit their philosophies, social and political conditions, and national goals. One attempted to create the ideal mobiised state whereas the other was an attempt at creating a perfect reconciliaory state. Both succeeded to a reasonable extent. Both nations, however, have not been free from the effects of bureauratisation and the creation of new selfperpetuating elites. The measures to furher democratise the party system in the US, and the recent attempts in the Soviet Union to bring more openness and some emocracy to public management and olicy planning, and to make the hierrchy more accountable, must therefore e seen in this light. The important lesson r us is that even these very different stems are aware of the need to conantly guard against elitism in governent and are seeking to evolve new echanisms to protect against this.

The task was relatively easier done in e US where they were still in the process of colonising the country and were in effect building a new system in most of the country. In the USSR the backdrop of a violent upheaval and a disastrous war provided the momentum needed to create a new order. Thus, ironically enough, the orderly transfer of power in India was as much an impediment to the creation of a new order as was the lack of a clear and coherent philosophy. In our attempt to evolve a transition without the destabilisation of the existing system, we allowed the bureaucratic system to continue. The results of it are there to see all around us. Our first attempt at creating a new republic has largely failed.

Our first priority must be to dismantle the dual systems and replace them with a single integrated system. While there might be little dispute on the need to rid us of the colonial and feudal system, one can well imagine the resistance to the thought of consigning the dharmic system also with it. Modernisation inherently implies rejection of much of the traditional. Fields must be ploughed, cloth must be woven, carcasses must be disposed of, and people must do what they do, not because their dharma is decided by birth, but because they decided it that way. At another plane the cure to diseases must be sought in hospitals and not in temples or with faith healers. The crux of modernsation is that compliance must be sought on rational grounds and given for equally rational reasons.

To add to the burden of modernisation we have the limitation of wanting it achieved by democratic means. This means that the Shankaracharyas will continue to have their say and sway. The Ataturk option of decreeing change cannot be exercised, nor can we do what the Chinese are doing in Tibet. But the pointer is clear enough. The primary emphasis of the State would be to create an educated and more enlightened citizenry. The pathway to reaching our national objectives is therefore circumscribed by one overwhelming factor, in that it is almost entirely reliant on individual development and growth. For otherwise, mass participation in government, and government by popular consent will both be vulnerable to vested interests, and traditional and reactionary forces. Thus the economic model will most definitely have to be the Basic Human Needs model that values equity more than growth.

The other important factor given the limitations imposed by the choice of the democratic system is that government must always be political, that is, by elected officials. This naturally means that the bureaucracy, even if it consists of individuals generally better qualified and more capable than the political leadership, will have to play a less important and even subservient role in public administration. On the face of it this might appear illogical, for we are, in fact, suggesting that the reins of government be placed in the hands of those who are often less capable. The elite will not miss this either and can be trusted to continually harp on this, even though a sizeable section of the elite is only superficially westernised and not modern in the real sense. We must also never ever forget the inherent characteristic of any bureaucratic elite to perpetuate itself and increasingly apportion more of the gains generated to itself.

Capabilities, alas, do not guarantee motivations and we must therefore put our trust in institutional mechanisms such as a government constantly answerable and responsible only to the people. Translated into structural terms this means a government that is not top-down even if it is benevolent to the core, but a public administration that is both a demand as well as a feedback mechanism linking the general populace with those chosen to govern. The only way to achieve this is to decentralise government and concentrate decision-making at the districts and the centre. State capitals must not be allowed the concentration of powers that allow them to abdicate all revenue-gathering functions and yet become supremely vital for implementation.

Since the district level leadership must be political, the linkages to the centre must be established through elected officials. To make this practical we must first of all make parliamentary constituencies coincident with administrative divisions. Smaller states also become integral to this plan. But demobbing the established bureaucracy and restructuring government have not yet figured in our political agenda and we are still preoccupied with the less important things in our lives such as Babri Masjid, Deorala and Bofors.

■

MOHAN GURUSWAMY

The author was educated at Harvard; John F Kennedy School of Government and the Fletcher School of Law and Diplomacy and taught international business at Boston's Northeastern University.

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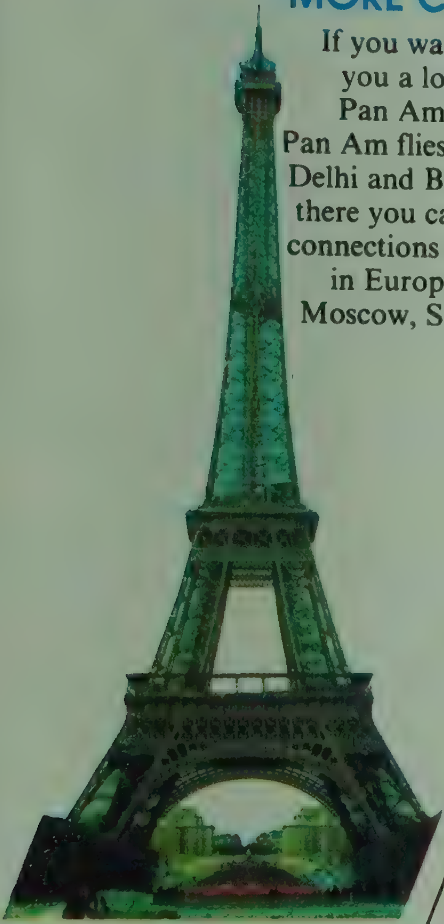

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EXECUTIVE PAY

Paradise lost?

Salaried employees in India have generally had a raw deal. In most cases, the income they earn is fully liable to tax and unlike businessmen, the opportunities they have for tax avoidance and tax planning are limited. Companies vying with each other to attract top personnel have been offering lucrative pay packets to top executives, but more importantly, they have been devising ways of reducing the tax burden on executives and offering tax saving perquisites. Many professionally-managed companies, especially multinationals, have structured the pay packets of their executives in such a manner that the net take-home pay is increased. This has resulted in a select few becoming, in the words of one executive, "expense account aristocrats".

Many methods have been resorted to for such tax planning and some of them have been based on a liberal interpretation of ambiguous laws and Tribunal and High Court decisions.

Employers have to file annual returns with the Income Tax Department showing details of executive remuneration, taxable perquisites and the tax deducted at source. Until recently there was no feedback from the Income Tax Department on these returns, but in the past few months many companies have received a rude jolt. The Income Tax Department has been, at short notice, calling for various items of information regarding the remuneration and perquisites paid or provided to executives. This is followed by a show-cause notice and demands of recovery of alleged short tax deduction at source.

Many of these letters concern ten items common to several companies. Companies are getting ready to fight the consequences of these notices.

The income-tax rules currently provide that where a car is provided to an employee, both for personal and official use, the perquisite value would be Rs.300 per month plus Rs.150 per month for a chauffeur. At the same time, the standard deduction would be restricted to Rs.1,000 per annum instead of Rs.10,000 per annum (now raised to Rs.12,000 per annum). In other words, the effective perquisite value would be, (excluding chauffeur) Rs.12,600 per annum. It may be noted that using a car for transport from residence to office and back is not considered a personal use. Many companies are of the view that top flight executives who are entitled to such personal use of the car are at the office during the day. Moreover, many companies recover from the concerned executives some amount on an approximate basis for estimated personal use. Hence no perquisite arises and the question of restriction of standard deduction also does not arise. The Income Tax Department feels otherwise.

In many cases, the chauffeurs are not on the payroll of the company. This is done for various administrative reasons, union problems etc. In such cases, the salary is reimbursed by the employer to the employee and the procedure is as if the chauffeur is employed by the company itself. The Income Tax Department has objected to this arguing that this case is different from a situation where the chauffeur is on the company's payroll and accordingly, the entire salary of the chauffeur (in the view of the Income Tax Department) is a taxable perquisite in the hands of the employee. This appears to be an extreme view, since most of the time the chauffeur is on official duty.

CONVEYANCE EXPENSES

Many companies have the practice of "reimbursing" their executives substantial conveyance expenses on an approximate basis. Companies treat these as non-taxable expenses on the basis that such expenses are incurred for official purposes (including for transport from residence to office and back). Such reimbursement is sometimes in addition to reimbursement of normal conveyance expenses incurred during office hours for official work. Some companies pay a flat amount irrespective of how far the employees' residence is from the place of work. In other cases, the extent of the reimbursement depends on the distance. In the earlier case, ie, where "flat" amounts are paid regardless of distance, the companies are not on terra firma and possibly, a further scrutiny by the Income Tax Department may open up a Pandora's box. In any case, the Income Tax Department's view that the entire amount, in all cases, represents perquisites, appears to be an over kill.

Another bone of contention is the provision of free or subsidised lunch or lunch coupons of hotels/restaurants to employees. The Income Tax Department is of the opinion that this amounts to a taxable perquisite. Besides the practical difficulties in evaluating such perquisites, various chambers of commerce and also individual employers argue that in today's welfare society this is an amenity which every responsible employer should provide to its officers and workers.

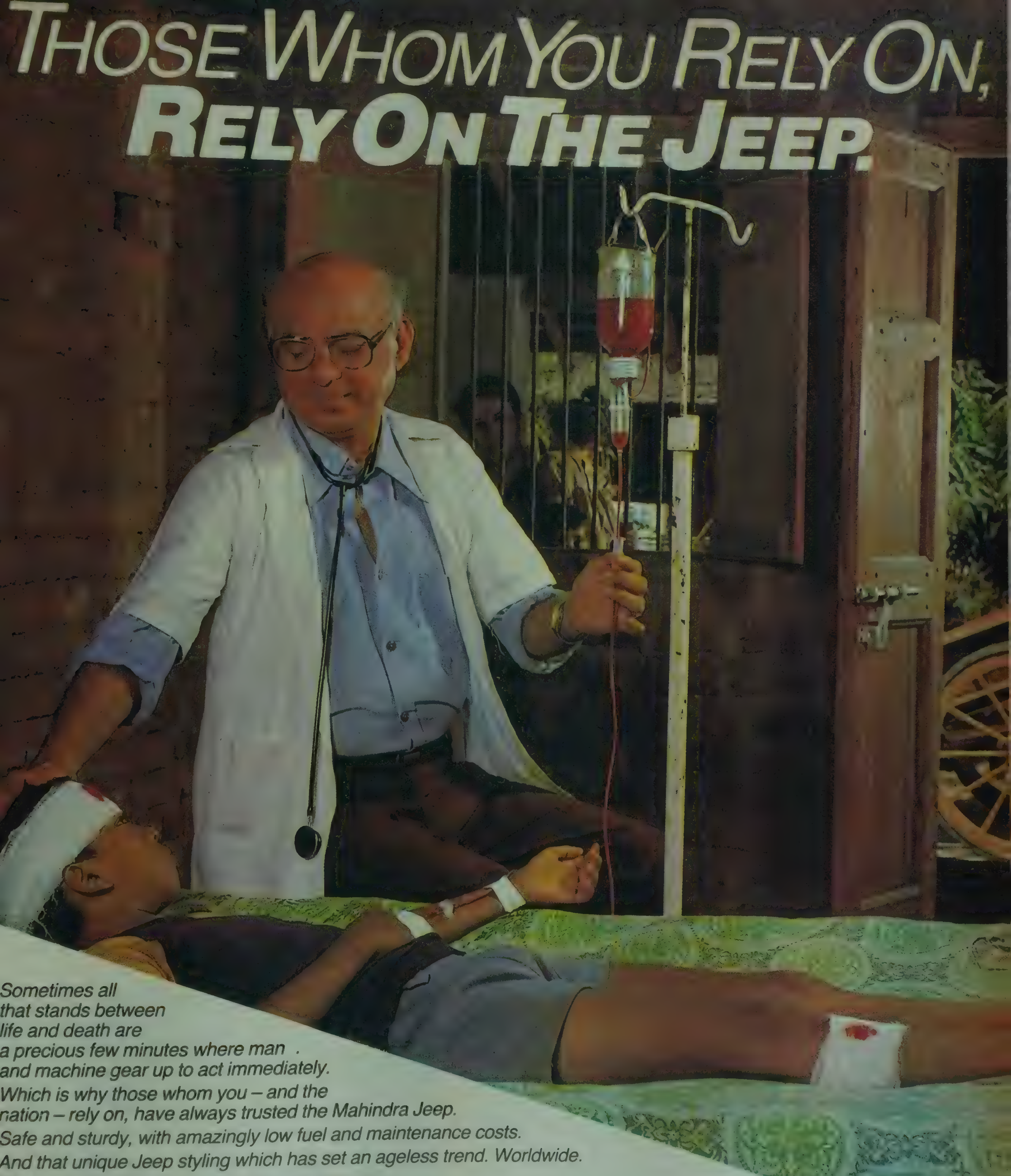
The Income Tax Department is also of the view that scholarships given to an employee's children amount to a perquisite. The Bombay High Court in the case of CIT vs M.N. Nadkarni has recently held that such a scholarship paid directly to a child is not a perquisite in the hands of the employee, where the grant of the scholarship is at the sole discretion of the employer and there is no reference to the grant of such scholarship in the terms of the employment.

Companies point out that most of the above issues have been a matter of course for a long time. It is unfair on the part of the Income Tax Department to rake up these issues after so many years, call for information at short notice, and depute survey teams when such information is not given by the company. The deputing of survey teams has angered and upset many companies, since it damages their reputation and gives the impression that they are evading taxes. Corporate circles feel that the Income Tax Department could, at the most, take up the matters individually in assessing employees and ought not to rake up these matters vis-a-vis the employers who have legitimately relied on legal advice and judicial trends in their interpretation. Even if the Income Tax Department takes the view that there is a short deduction of tax at source, there are practical difficulties in recovering the tax. Some employees may have left the company. Others may not look kindly upon being asked to pay tax at source for the last three or four years based on the stands of income tax officials, which may ultimately not stand judicial scrutiny.

Many chambers of commerce took up this matter with the chairman of the Central Board of Direct Taxes and the finance minister in March. Both have since been replaced and one does not know the current position of the authorities. Even assuming that companies have resorted to planning based on ambiguous legislation, there is no doubt that the Income Tax Department seems to have come down with too heavy a hand on the issue of remuneration. As usual, the main beneficiaries of this impending litigation will be the legal profession and the chartered accountants.

■

KETAN DALAL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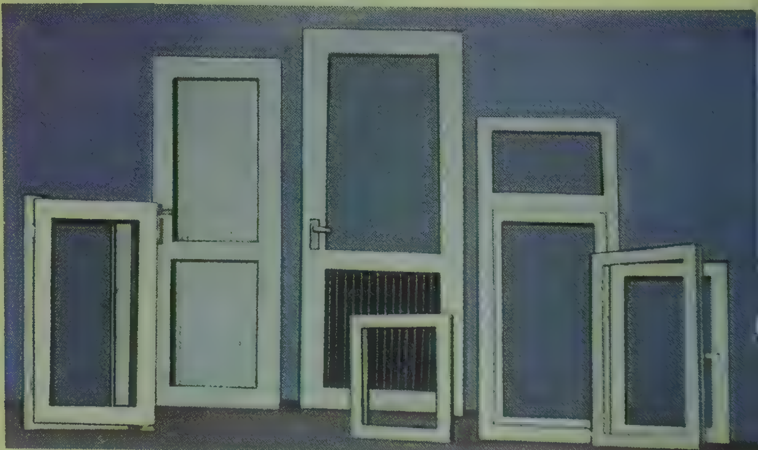

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DINESH MOHAN

Subverting science

Is the slogan "leap-frogging into the twenty-first century" really as apolitical an approach to development as it is made out to be? Will it spur the young people of India into working towards an environment that encourages innovation, hard work and even sacrifice?

Interaction with students around the country over the past few years shows that the answer to all these questions is a big NO. The impression one gains is that this is partly because science and technology are now being sold as commodities and not viewed as part of a process intricately linked with the social and cultural movements of our civilisation.

When our leaders talk about science and technology they project inventions and end products, and the media highlight sexy new concerns of the West like AIDS, superconductors, test-tube babies, genetic engineering, and things like that which they consider important. Our leaders never talk about the importance of intellectual honesty as a precondition for advancement in knowledge, replicability of data as an essential part of scientific endeavour, or about less hierarchical systems in our educational and research institutions as desirable for a scientific culture.

This attitude has filtered down to the young. In a national essay competition for high school students one of the topics given was "Science is Fun". While evaluating the entries it was astonishing to find that almost no one talked of science as a process, as a way of thinking. Almost all the boys and girls used the word "science" interchangeably with computer, videos, Boeing 747s, satellites and nuclear weapons. On further thought, one realised that these young people were only reflecting the attitudes of our present leaders in India.

It is the understanding of the process of science and technology which has been completely subverted in India, especially in the past seven or eight years. Everyone knows that good novels are not written just by collecting the most difficult and the newest words from a dictionary and ordering a writer to arrange them well. But this is precisely the method our leaders have chosen to promote science and technology in India: select the "latest" problem and concerns of the West, buy the expensive equipment that goes with them, identify "top ranking" Indian professionals and then command them to do "good" science in "frontier areas".

This is not the first time these issues are being raised. They have been voiced repeatedly, especially since independence. For the first 20 years the authorities did give some thought to the place of science and technology in India and even included the promotion of "scientific temper" as one of our national goals. We have moved a long way since.

Any opposition to a government high-tech scheme is now automatically considered anti-national. Demands for improving bus systems rather than introducing maglev trains are considered backward. It is important to understand why this has happened.

Why is it that as attempts are made to demystify science in the rich countries, there are increasing attempts to mystify it in poorer countries? Why is it that while there are more and more attempts to make the practice of science accountable to the general public in the West, we want to hide our scientists behind veils of secrecy?

These are difficult questions but we must address them as a society to evolve our own methods of pursuing knowledge. Susantha Goonatilake, a Sri Lankan scholar, makes a strong case for evolving our own paths to discovery and production. As he points out, "absorption of technology by late-comers to the 'modern' technology game must not be viewed as the adoption of a universal system" because technology "acts as a social gene, ie, as a carrier of social relations from one society to another".

It is this kind of formulation of the problem that gives us some leads. By placing the emphasis on "technological progress", the rulers of our country are promoting the myth that the pursuit of science is value-free, that it is somehow independent of the political and social choices that we have to make, that it is not influenced by the ethos and beliefs of those who do science.

By giving science this exalted position, and by treating it as if it had nothing to do with political biases and social distortions, the people in power are actually trying to put themselves beyond democratic control. If science is presented to the people as a purely "technical" matter, without any social or political implications, there need be no public discussion of it because "people don't understand, only scientific experts do". This makes it easier for those in authority to bypass democratic checks and escape any sort of public accountability.

It is to the credit of our weak but well-entrenched democratic impulse that the slogan of the "21st century" has just not taken hold in India. The attempt of our rulers to glorify "scientific progress" has not worked. People have seen through the ruse: they know that all it means is that the rich and the powerful will become more so, while the life of ordinary people will be touched hardly at all.

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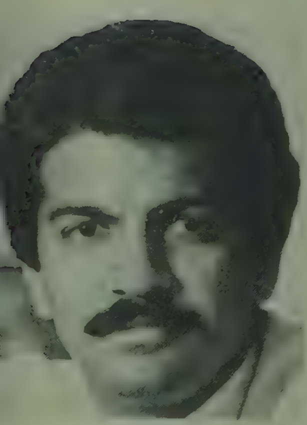

ANAND MAHINDRA

Roads to nowhere

At the zenith of the Mauryan Empire, Megasthenes, Greek ambassador to Chandragupta's court, travelled from Taxila to Pataliputra on the great royal highway and described it as one of the wonders of the world. The highway, precursor of the Grand Trunk Road, was impeccably maintained by an imperial department and boasted tree-lined stretches and an orderly system of milestones. *The Arthasastra*, in fact, provides details of the different kinds of roads within the empire and the obligations of the state and the people to maintain them. For Mauryan officials, the organisation and security of the empire depended on highways and they devoted special attention to them.

If Megasthenes were to somehow hitch a ride on a time machine and transport himself to modern-day India, what a horrified and disillusioned man he would be. Our current road and highways (if we can term them as such) are torture tracks, and seem to exist solely to guarantee the obsolescence of our vehicles. Maintenance of these "vital arteries" of the nation is usually subservient to the interests of contractors and it appears certain that no repairs are undertaken unless they necessitate further repairs within a year. And the less said the better about the capacity of our roads to meet growing traffic needs. Poor Megasthenes; I see him winding up with his chariot mired in the notorious traffic bottleneck at Panvel on the Bombay-Pune road — waving his whip and screaming in frustration.

Why is it, that in our populous nation filled with essentially gregarious and even garrulous citizens, we make it so difficult for ourselves to communicate with each other? Telephone lines allow you to speak to 50 people at the same time, ensuring that nothing is heard above the cross-talk; our aircraft spend more time delayed on the ground than they do transporting passengers in the air; trains display a fatal attraction for underwater detours whenever they cross bridges; the postal system continues to provide alibis for people who have forgotten to write and claim with impunity that the letter must have gotten "lost in the mail." But of course our roads are the *piece de resistance;* they seem dedicated to upholding the time-honoured dictum that a *yatra* must be as arduous as possible in order to be spiritually fulfilling.

Of all the elements that make up our transport and communications infrastructure, our roads and highways have consistently been accorded stepmotherly treatment. Over the years, mindless arguments have been put forward to suggest that large investments in roads benefit only a small segment of our vast populace, and that many other areas take greater priority in resource allocation. As a result, administrators have been able to shelve the issue without suffering any moral or political disadvantage. Investment in roads as a percentage of total plan outlay has shrunk from roughly 7 per cent in the first plan to less than 3 per cent in the seventh. As opposed to an estimated requirement of over Rs.5000 crores for upgradation of roads and highways, the allocation in the seventh plan is a mere Rs.900 crores. More ominously, the funds required for maintenance of the existing system are almost always in short supply.

This kind of indifference is curious considering the interesting fact that roads account for an 80 per cent share of the country's total passenger movement and over 60 per cent of the total goods movement. Obviously, transport is not a sectoral subject and is integral to the economy as a whole. Economics, at its simplest, is a system of exchanges. Effective transport systems have a direct impact on the rate of economic progress since they increase the quantity and velocity of economic exchanges. From a macro-perspective, therefore, even expressways and motorways benefit society in general rather than a small segment of the vehicle-owning public as is popularly believed. As one would expect, there is a high degree of correlation between the overall level of a country's development and the extent of its high-speed motorway network.

Apart from such theorising, the harsh reality is that the country's vehicle population is expected to grow from 40 lakhs in 1981 to over 200 lakhs at the turn of the century, and unless there are sufficient roads of adequate quality to cope with such demand, the economy is likely to gridlocked. The current administration in Delhi is apparently seized of the need for government to invest in "social overheads" such as power, communications, transport, etc. The recent dynamism in the management of the telephone system bears witness to this and even the railways department seems to be enjoying its new motivated and aggressive posture. But once again, road transport has been neglected. There is still no sight of a Pitroda of the highways.

In July 1985, the ministry of transport issued guidelines for participation of the private sector in the financing and operation of tollways. This step received a great deal of publicity at the time and it was heralded as the dawn of a new pragmatism and of the realisation in government that investment in roads could be delayed no further. Unfortunately, this genuflection to the private sector was piously used as an excuse for continued government lethargy on the subject, and since 1985 neither have private com-

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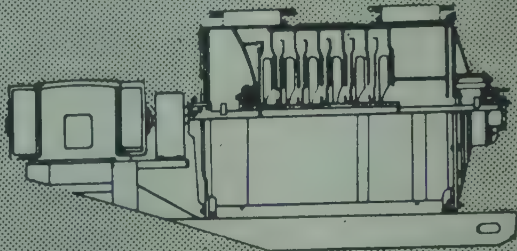

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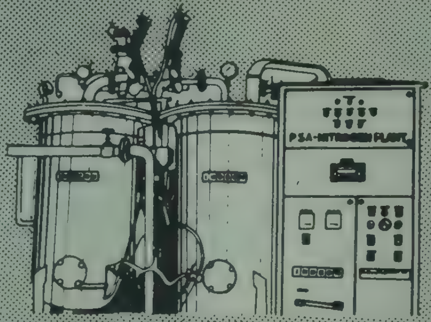

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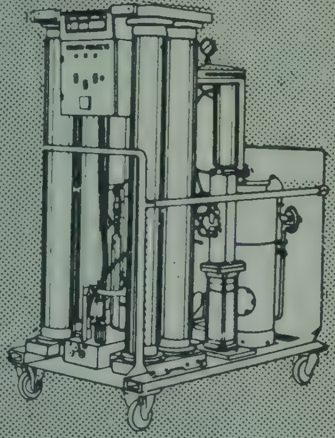

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panies been more involved in financing expressways nor has the pace of general investment in roads increased appreciably. In traditional Indian fashion, what has ensued is endless, unproductive debate on the merits of private versus public sector involvement, and even a relatively simple amendment to the National Highways Act to allow the concept of tollways has not yet been implemented.

The problem, however, is that investment in roads and highways is one of the few activities more appropriately undertaken by the government and its affiliates rather than the private sector. Despite the much ballyhooed trend towards privatisation and liberalisation, there will always remain areas that apart from being strategically important, do not provide the necessary micro-economic incentive to attract commercial investors. Roads and expressways are characterized by high capital-output ratios, even after including the element of toll collection. Most of the economies effected through improved road transport — such as improvement in the rate of overall economic growth; reduced fatalities from accidents; improved vehicle life and lower fuel consumption leading to lower fuel imports — are external, and provide a sufficient return only when summed up in the national balance sheet. This implies that it is really the government which stands to reap the total benefit of such infrastructural investment.

The French experience with construction of tollways is extremely instructive. In 1956, the construction and operation of toll roads was first entrusted by the French government to a number of semi-public concessionaires. Since then, most of those entities have been compelled to amalgamate themselves into one larger group since they found it difficult to survive on their own. This group's ownership comprises both national and regional development banks and local municipal bodies — all of which are governed in accordance with long-term, developmental objectives as opposed to a commercial focus on return on equity. In 1970, wholly private consortia were allowed to bid for the operation of tollways and the pace of construction was speeded up. Without a doubt, the French toll roads were well constructed and are well maintained, but these consortia are only now, after more than 15 years beginning to show an acceptable return on investment. Actual traffic patterns were significantly lower than original projections, and they admit that if they had had any foreknowledge of the length of the payback period, they would not have ventured into the field.

Small wonder then, that Indian entrepreneurs display some trepidation about plunging into this enterprise. In response to the July 1985 initiative, private sector forums have stipulated a host of preconditions to investment in tollways, such as high debt-equity ratio allowances, government equity participation, guarantees for debentures, minimum revenue guarantees, all of which only underscore the high risks associated with such projects and place virtually the entire onus of resource-raising on the government.

The wariness of private enterprise cannot be used as an excuse for inaction on the part of the government. Resources can and have to be found, not only through allocation of funds from normal revenues but also from local and international capital markets and from multilateral lending agencies. The private sector can and should be involved in the provision of advanced construction technology and design, in the actual contracting and project management itself, and even through contribution of management expertise as in a joint sector project. But first of all, what is required is for the government to take the responsibility for creating a viable road network squarely upon its own shoulders and to instil a sense of urgency in its own actions. If the political process continues to move at a speed more suited to back roads and by-lanes, there is no way in which the rest of the country can shift into top gear on expressways.

O-GENERATION OF POWER

Self-help for industry

anned co-generation in the private sec- r can help industry greatly to satisfy its esperate need for power. This opinion, iced in a proposal made by FICCI last ar, was vindicated recently in a seminar e federation had organised on 16 June. ne seminar was attended by members of ate electricity boards, the member lanning) of the Central Electricity Au- ority, consultancy organisations, and ople from various industries.

India has made several mistakes on the ower front. For instance, during 73-79, the increase in oil prices awned a whole generation of gas tur- nes the world over. When oil prices ashed later the UK offered to set gas rbines up here over six months. India dn't take up the offer. Then during the mp in shipping, large ships waiting to scrapped were offered as mobile power uses. Outlandish though this sounded, e idea was feasible, according to energy perts. But the idea was not explored.

The loss in industrial output because a 10 per cent shortfall in power in any ar of the Seventh Plan is estimated to Rs.10,000 crores to Rs.17,000 crores. rrently industry faces a power short- e of 10 billion units, equivalent to 41.55 MW at 100 per cent utilisation. If e public sector is to be the sole provider en nearly double this capacity would be quired.

With the stress on privatisation evi- nt in a paper prepared by the Planning mmission, perhaps co-generation will ceive much-deserved attention now. CCI has already strongly recommended at industrial units around the HBJ peline and gas fields set up gas turbines d engines for co-generation.

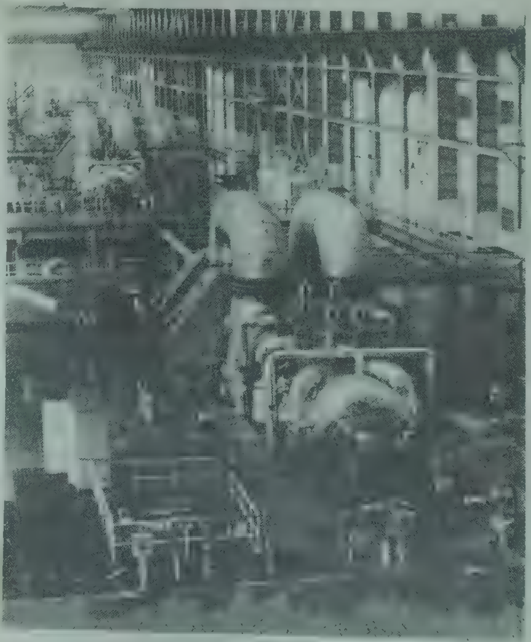
The federation is convinced that the estment industry will need to make in generation to meet its current power ortage will work out to less than half of e requirement of the State Electricity ards (SEBs). It would cost about 1,855 crores at the rate of Rs.13,000 KW; while in the public utility sector osts Rs.4,922.82 crores— Rs.3,281.88 res for generation at the rate of 12,500 per KW and Rs.1,640.94 for nsmission.

he National Productivity Council esti- tes the co-generation potential in in- try to be 2,000 MW. Currently only 70 are being generated in various cap- power plants ranging from 0.5 - 5 MW capacity each.

Captive power generation systems are particularly relevant today not just to step up power but also because they have the added advantage of a short gestation period — about 18 months compared with at least 5 years for a thermal station and 10-15 years for a hydel project. Moreover, captive power systems will not use high speed diesel but residual fuel oil. High speed diesel has to be imported, while heavy fuel is available in plenty. (Thus there is a strong case for exempting heavy fuel based gensets completely from the 95 per cent import duty.)

The prejudice against captive power plants as having lower fuel efficiency is not valid anymore. In terms of the total energy balance — costs of transportation of coal and heat losses at every stage of conversion as well as transmission by the SEBs — captive power generation is being recognised as efficient and cost effective. Techno-economic feasibility depends on the ratio of heat to power requirement. On this basis the working group on energy policy, 1983, has selected paper, edible oil, tyres, textiles, jute and chemical process industries as candidates for co-generation.

If co-generation is to be given a boost, the maximum demand charges levied by the SEBs will have to go. Even if an industry or a factory is not supplied with power, the user is charged for the units not supplied. FICCI has asked for a waiver of this charge so that captive power generation is really profitable — not notionally or marginally anymore. FICCI also suggests that SEBs should not ask users for a surcharge on their captive power plant.



Power shortfall hits industry

To make dedicated power plants a workable proposition, the Company Law Board and the Finance Ministry will have to liberalise their policy. FICCI has suggested that more than 10 per cent of the subscribed capital of the participating companies must be allowed to be invested in such ventures and that direct and indirect taxes on equipment must be reduced.

At present, industry is not motivated enough to set up dedicated power systems because it does not have the soft options that the SEBs have. Also, funds invested in the captive sector attract a higher rate of interest. A demand has been made for a single window clearance facility within a stipulated time period especially from the DGTD, where many a co-generation proposal has been languishing.

The Electricity Supply Act of 1948 too will have to be given a re-look. Under the Industrial Policy Resolution, 1956, generation and distribution of electricity is included in Schedule A that consists of industries reserved for the public sector. To undertake power generation as a licencee of the SEB entails many a restriction, with the SEB directing the licencee to generate according to its own schedule. The Electricity Supply Act imposes a rate of return limited to 11 per cent and a depreciation of 4 per cent per annum on the plant life expectancy of 25 years. Industrial undertakings which join together and invest in the setting up of a dedicated power structure of a viable size would be forming what is, essentially a consumer's co-operative, and this would not attract the provisions of the Electricity Supply Act.

Once the decision is made to encourage captive power generation, the government will also have to decide what priority it gets. For instance, will private power generation companies get access to World Bank loans and other requisite facilities? These and other details would have to be worked out.

No doubt, the opening up of the public sector-dominated field of power generation to private industry will have to be done cautiously and gradually. An epidemic of generation systems would not do at all. But industry must have the opportunity to meet its need for power. ■

S. LALITHA

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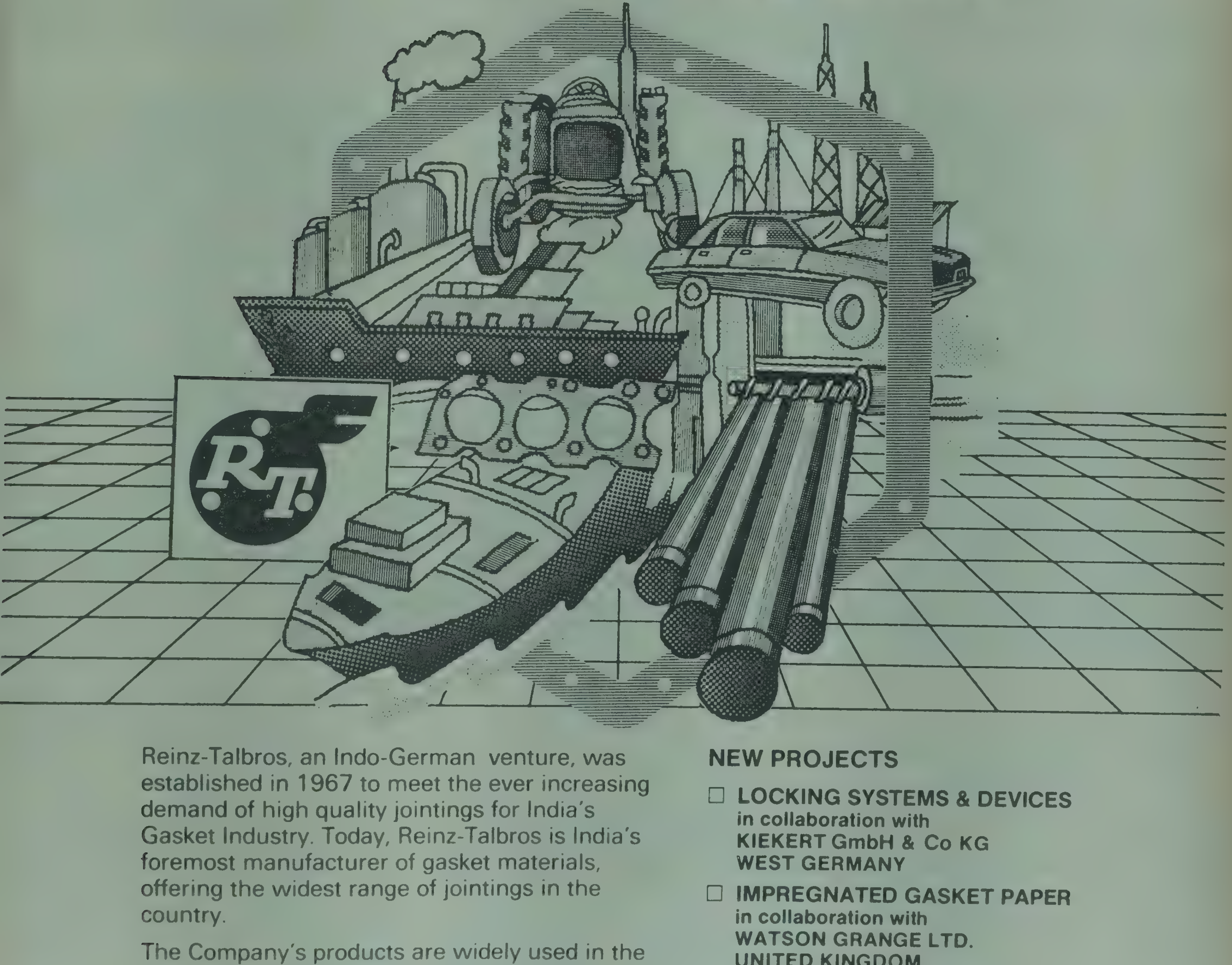

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BADLA FINANCE

Should banks take the risk?

The emphasis on profitability is making bankers think on their feet and come up with several "innovative" practices. Hardly has the dust settled on the portfolio management controversy, when a new one has emerged: should bankers provide '*badla* finance'?

Newspaper reports of a foreign bank having put in Rs.1 crore to finance *badla* transactions in the Calcutta Stock Exchange have suddenly made all banks take a hard look at this form of lending. S. Venkatachalam, vice president, Citibank, squashes the suggestion that his bank is the foreign bank mentioned in press reports and says, "We go by specified target groups for lending and we have to see whether *badla* brokers fall into our category." He does say, however, that it is an attractive avenue for short-term investment. Other foreign and nationalised sector bankers agree, but are waiting for an official view on the issue.

What is *badla* finance and how would banks provde it? If an investor wanting to buy a particular share cannot pay for his purchase, he can arrange with his broker to carry forward his business to the next settlement period. This broker would then find someone who will receive the shares on his behalf and pay for them on the due date. The financier who advances the needed funds will charge interest (or *badla*) for the fortnight and is called the *badla* financier.

The rate of interest for carry forward transactions (allowed only in specified or A group shares) depends on many factors, including whether money is cheap or dear and whether the market is overbought or over-sold. In recent times *badla* rates have been known to be as high as 48 per cent and as low as 12 per cent.

According to limits set by the Reserve Bank of India, banks cannot lend at rates of interest higher than 16.5 per cent. But bankers (including some in the giant State Bank of India) currently evaluating this new avenue of investment argue that if banks begin to finance forward transactions, the increased supply of money will bring down *badla* rates in the market. The lower rates will encourage more investors to participate in such transactions, thereby widening the market, they say. "Since banks will finance only official transactions and demand the money at the end of a settlement period, malpractices normally associated with *badla* finance can be avoided," says one banker. "Although cheaper finance will imply an increase in speculation it will be healthy," according to him, "freed from the clutches of traditional mercenary *badla* financiers." And a certain amount of healthy competition is necessary for the growth of the capital market.

Of course, for banks the motive is not just an altruistic one. A rate of return of 16.5 per cent is highly attractive for banks to park their short-term funds, the nature of *badla* finance being short term. Especially in the slack season when the call market rates are dipping to even 7 per cent *badla* finance provides an excellent alternative. With a scarcity of quality bankable assets, according to a foreign banker, *badla* finance not only provides a high return but also high security.

The security that a broker will have to keep with the bank to avail of funds for forward purchases will be in the form of shares whose total market value is higher than the amount borrowed. The difference or 'margin' that bankers are thinking of lending against may vary from 25 to 30 per cent.

However, as Mahendra N. Kampani of J.M. Financial & Investment Consultancy Services Pvt Ltd points out, "With a 25 to 30 per cent margin, transactions will be necessarily speculative." And to avoid malpractices, banks would have to be extremely careful regarding the mix of brokers and the mix of scrips they lend against.

Kampani: banks must be careful

It is in this context that bankers have reservations about getting into *badla* finance. The main fear is that if official *badla* rates are higher than the bank lending ceiling of 16.5 per cent, it is more than likely that brokers will collude with bankers to share the difference.

There is also the fear that if prices crash drastically and a broker is not able to honour his commitment, the prices of the shares he keeps as security may also plunge, thus making even a 25 or 30 per cent margin inadequate. More important, banks will have to make sure that the shares pledged as security are the personal property of the broker, as cases of bogus transfer deeds are not unknown.

Some bankers are also of the opinion that forward transactions are a grey area (ever since the ban imposed on them in 1969) and thus financing of such contracts is a tricky business which public sector banks should not enter into. According to a renowned stockmarket expert, the concept of specified shares is in fact just a guise under which stock exchange authorities allow forward trading.

Even if it was assumed for the sake of argument that the government lifted the ban on forward trading and thus banks could finance it and they made sure that pledged securities were genuine, who exactly would benefit from banks financing forward contracts, sceptics ask.

If the objective is to provide bank finance to augment the growth of the capital market, it is already being done. The RBI has allowed banks to finance individual investors up to a unit of Rs.5 lakhs against the security of shares. In fact banks have been doing this in a big way, with Citibank being the most active. "A lot of my clients have availed of this facility," says Kampani. There is already a list of companies whose shares bank lend against, at margins of 40 to 50 per cent, at an interest rate of 16.5 per cent.

Considering how careful banks will have to be if they do enter the hitherto unknown area of *badla* finance a majority of bankers and stockmarket watchers seem to be of the opinion that it is not a great idea. "If forward trading is to be encouraged and *badla* finance is to be institutionalised, market makers should do the job," said one broker. If and when such a species is introduced in the stockmarket, it will be simpler for the authorities to monitor their transactions. A better alternative to increasing the number of *badla* financiers.

■ KEYA SARKAR

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The art of minimising foreign exchange risk

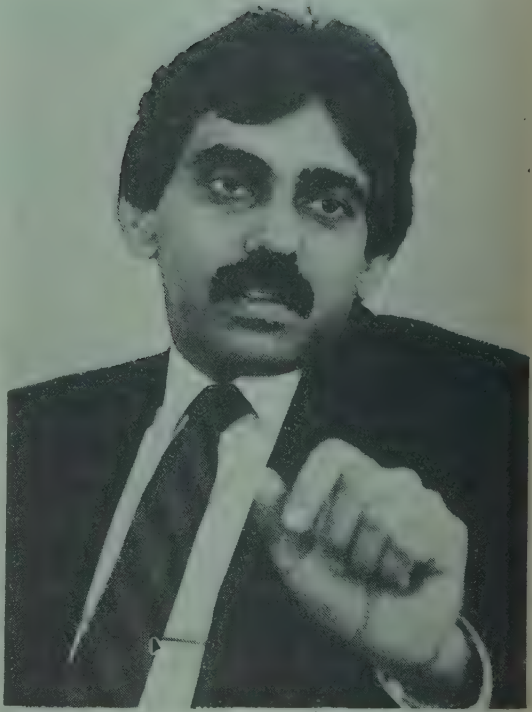
Liability management no longer means simply managing cash flows so as to meet payment obligations on time. And liability management of foreign exchange loans is even more complicated because of continuous interest and exchange rate movements.

With the growing interdependence of national economies across the globe, business firms are increasingly exposed to cross-border risks. This is especially true of financial liabilities designated in a foreign currency. The estimates of project and operating cost can go seriously wrong if the problem is not adequately grasped and available tools are not diligently employed to protect the company from the vagaries of volatile currencies and interest rates. A rough estimate of direct foreign debt by the private sector is about US $ 2 billion.

Basically in a foreign exchange loan there are two types of risks: a) interest rate and b) exchange rate risk. In the medium to long term there could be significant shifts in both. For example, in the last seven to eight years US interest rates moved from over 15 per cent per annum to about 8.5 per cent now, in six months LIBOR (London inter-bank offer rate). The exchange rate of the rupee against the deutschemark has moved from Rs.4 per deutschemark to Rs.8.75 in just under four years. Clearly, then the choice of the currency in which to borrow must be made after a careful evaluation of the interest and exchange rate of a currency.

However, forecasting interest and exchange rates is a complex affair. Continuous information and analytical inputs are required. Broadly, interest rates are a complex function of domestic growth requirements, money supply, inflation expectations, and the internal and external debt of a country. Exchange rates on the other hand depend on interest rates, the rate of inflation, exchange reserves, external trade and government policy among other things. Some large companies have developed in-house expertise in this area. As S.D. Kulkarni, executive director and vice-president (finance) of Larsen & Toubro says, "We have taken large commercial loans abroad based on our own expertise without the help of any merchant banker."

But even if one has the in-house capability to collect and analyse information one needs to constantly interact with professionals to get a second opinion. Usually, in a short term forecast one can be guided by market sentiment, but a medium or long term forecast calls for analysis of macro-economic inputs.



Shankar: innovative schemes for clients

Both importers and borrowers in India have been guided by a rule of thumb that the rupee is headed lower due to India's economic compulsions. Indeed, overseas, bankers praise Indian policy makers for letting the rupee depreciate in an orderly and predictable manner.

Box 1

Swaps

There are various kinds of swap transactions. But three structures are considered fundamental to all types of swaps.

Interest rate swap. It is an exchange of fixed rate interest payments for floating rate interest payments in the same currency. The amounts exchanged are calculated on a fixed notional principal amount. The principal amount is "notional" because it never changes hands. Only interest flows are exchanged. It is simply expressed as "You pay my interest, I pay yours on an agreed amount, period and intervals". This type of swap permits the counter parties to alter their interest profiles by converting underlying fixed rate liabilities (or assets) and vice versa.

Currency swaps. A currency swap involves the exchange of fixed rate interest payments in one currency for fixed rate interest payment in another currency. There are three steps involved. Initial exchange of principal amount at the spot rate on the date of commencement of the swap, periodic exchanges of interest during the term of the swap and re-exchange of principal amounts on maturity. The swap is employed to eliminate exchange risk on the borrowing or to take on a desirable currency exposure.

Cross currency interest rate swap. This type combines the features of the two types defined above. Instead of the exchange of fixed rate interest in one currency for fixed rate interest in another currency, the exchange is between fixed interest rate in one currency and floating rate interest in another currency.

Even though the Indian environment does not allow the full play of techniques to minimise risk, most companies who have gone in for foreign currency loans protect themselves by either doing an interest or foreign exchange swap or refinancing the loan.

For instance, Larsen & Toubro refinanced its yen loan and moved from a fixed to a floating interest rate. "This saved the company a lot of money because we started on an 8.75 per cent rate, and now on a floating rate the interest is down to 4.34 per cent," explains Kulkarni.

Shipping companies that have large foreign currency exposures have in the past found themselves in a spot when interest and exchange rates moved against them.

However, the more alert companies are quite aware of the risks involved and are actually monitoring the situation from day to day.

S.V. Venkatesan, group financial controller, Essar Shipping, says, "We have done everything possible to minimise our foreign currency risk. We did an interest rate swap on our US $ 11 million credit from a 9 per cent to 8 per cent. Also, we took a flexible forward cover where we have a choice of covering some of the instalments over a period of six months."

But Great Eastern Shipping, has gone step further and with Bank of America as been devising some innovative chemes. For instance, in early 1986 Bank f America arranged a US $ 10 million mortising interest rate swap for Great astern which helped to insulate it from nterest rate movements and resulted in ash inflows for the company since US ollar interest rates have risen in the last wo years.

In February 1988, Bank of America tructured yet another innovative swap or Great Eastern. V. Shankar, vice-presient, head-corporate banking, explained, The company had five different loans otalling US $ 7.2 million from different anks with various maturities and repayent schedules and all with floating ates of interest. Bank of America aranged to have the loans pooled, and swapped the floating rate interest liabilities to a fixed common interest rate applicable to all loans."

Box 2

Options and Futures

An option gives the buyer the right, but not the obligation to buy before a specified date a fixed amount of a currency at a set price known as the strike price. In return, the seller of the option receives a "premium" at the start of the transaction. The seller of the option is known as the "writer". An option is a sort of insurance against adverse exchange rate movements.

The concept of financial futures is based on the proven futures contracts in commodities. Any product which can be sold or bought in standardised volume and quality can be traded on a futures exchange. A financial futures contract commits the parties involved to buy or sell a financial instrument during a specified month. The settlement dates are determined by the exchange. Contracts are traded by open outcry on a futures exchange in the pits. Both parties to a contract are required to deposit a margin with the exchange authorities to ensure that the contract is honoured. They may be required to pay additional margins if the futures price fluctuates. Operationally futures are cumbersome as they can be traded only on the exchanges and have fixed settlement dates. Besides, the contracting parties are required to keep maintenance margins. However, they can be effective instruments to hedge assets or liabilities materialising at a future date.

The swap has helped Great Eastern to manage its liabilities more effectively and take advantage of the then prevailing LIBOR rate of 8.21 per cent per annum which will remain fixed as against the current rate of 8.75 per cent.

Swaps, refinancing, forward cover, etc help in minimising risk but they do not totally eliminate it. This is especially true in the case of medium-sized companies which do not have in-house expertise or the facility of a merchant banker. Therefore, the financial institutions (IDBI, ICICI, and IFCI) have evolved an exchange risk administration scheme (ERAS) whereby corporate borrowers can borrow in foreign exchange, but can repay in rupees. Also, the interest rate will be fixed, thus eliminating the risk of fluctuating interest and exchange rates for the borrower. The scheme will initially cover new loans, but will later be extended to cover repayments of past foreign currency loans.

Under the scheme a corporate borrower who wants to take a project finance loan will get the rate of exchange fixed at the time of disbursement. The interest rate will not be fixed and may range from 14 per cent to 16.5 per cent. This will enable the borrower to evaluate his cost of borrowing and manage his cash flow over the life of the loan.

The institutions on their part will have to manage their risk using the expertise and judgment garnered over the years. However, the institutions would like the government to bail them out if things get out of control. This, in fact, is the sticky point and negotiations are underway with the government to determine the type of insurance cover the institutions should receive. Expectations are that the scheme will get going by the end of the year.

But risk management could also benefit individual companies if handled dexterously. A commonly employed tool in the Indian market for covering long term liability is the roll-over forward contract. This method of cover certainly has some merits but cannot be blindly applied to all liabilities. Though it covers exchange risk, it introduces another risk in the shape of the six monthly premium of a foreign currency against the rupee. Since it was a novel form of cover and since all the pitfalls were not fully known, banks aggressively marketed the roll-over contracts.

Venkatesan: doing everything to minimise risk

The number of clients turned out to be so large that it created a strong demand for forward foreign currencies. So in several cases, especially in the case of the dollar, the premium cost far exceeded the depreciation of the rupee against the dollar. Some banks have benefited from these contracts as a) there was no reliable way of verifying the prices charged by banks to customers; b) banks failed to pass on to customers any benefit arising out of outlay of funds created in favour of the banks. Today there is no standard roll-over contract in which the obligations of both the contracting parties are clearly spelt out. If the institutions are going to employ the same tool, all these details will have to be worked out.

Unless companies develop an understanding of important sophisticated tools like interest rate swaps (fixed to floating or vice-versa), currency swaps (fixed to fixed or fixed to floating), such tools will remain exotic. Hedging instruments like options, futures, caps and collars, future rate agreements (FRAS) are common in international markets. If India is to be integrated into the world economy, we shall have to learn the use of these tools and employ them whenever possible. Will the institutions like ICICI, IDBI and IFCI employ these tools and disseminate information about their efficacy so that people are better equipped to manage foreign exchange risks at their own option of timing and price? And will the institutions develop similar instruments which can be traded domestically so that everyone involved in international trade and finance can manage their business more efficiently?

■ ASPI CONTRACTOR and K. KUMAR

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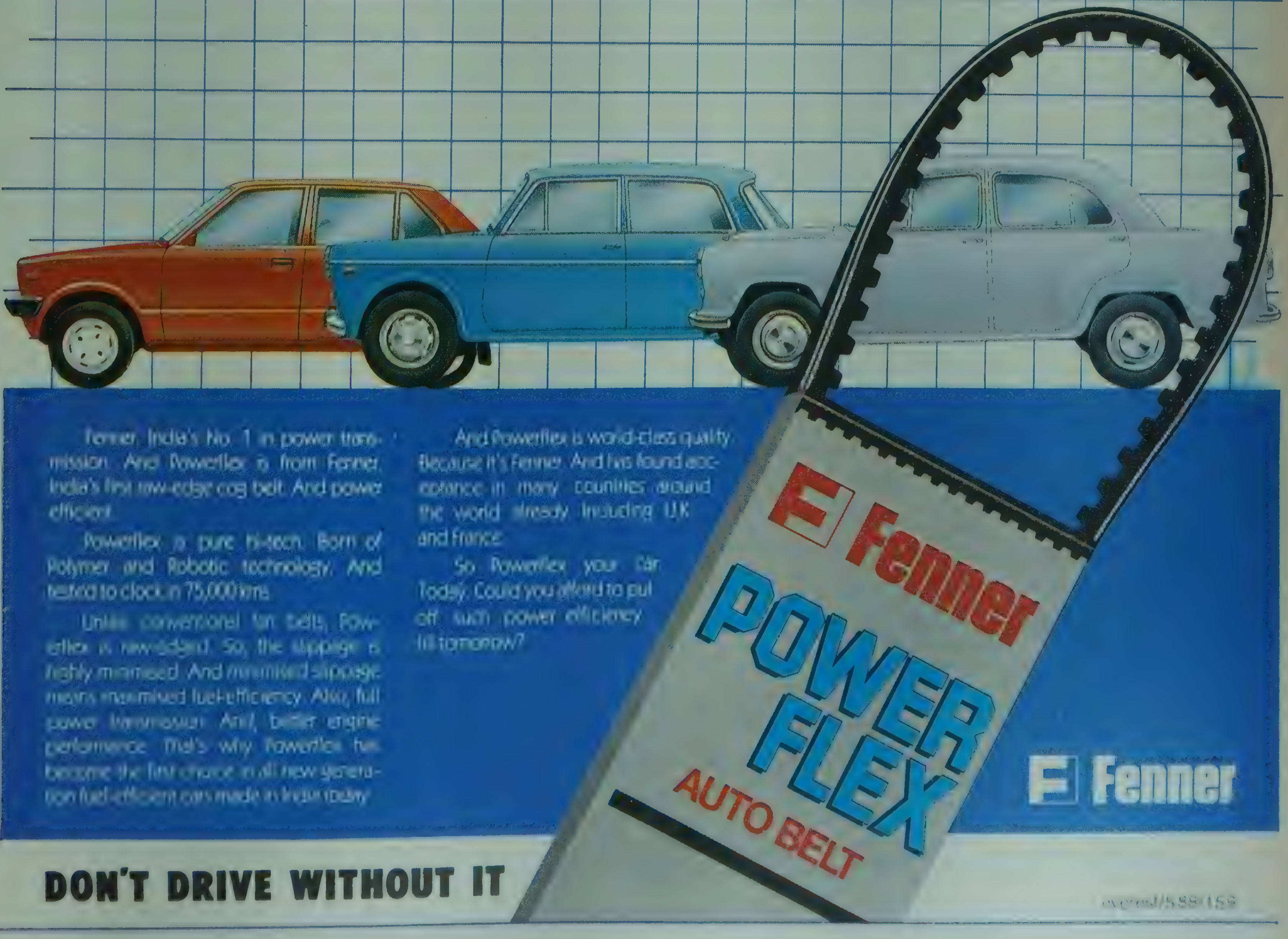

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Unlike conventional fan belts, Powerflex is raw-edged. So, the slippage is highly minimised. And minimised slippage means maximised fuel-efficiency. Also, full power transmission. And, better engine performance. That's why Powerflex has become the first choice in all new generation fuel-efficient cars made in India today.

And Powerflex is world-class quality. Because it's Fenner. And has found acceptance in many countries around the world already. Including U.K. and France.

So Powerflex your car. Today. Could you afford to put off such power efficiency till tomorrow?

DON'T DRIVE WITHOUT IT

everest/588/159

Every Indian dreams of a time when India will be recognised for its technology as much as for its timeless traditions.

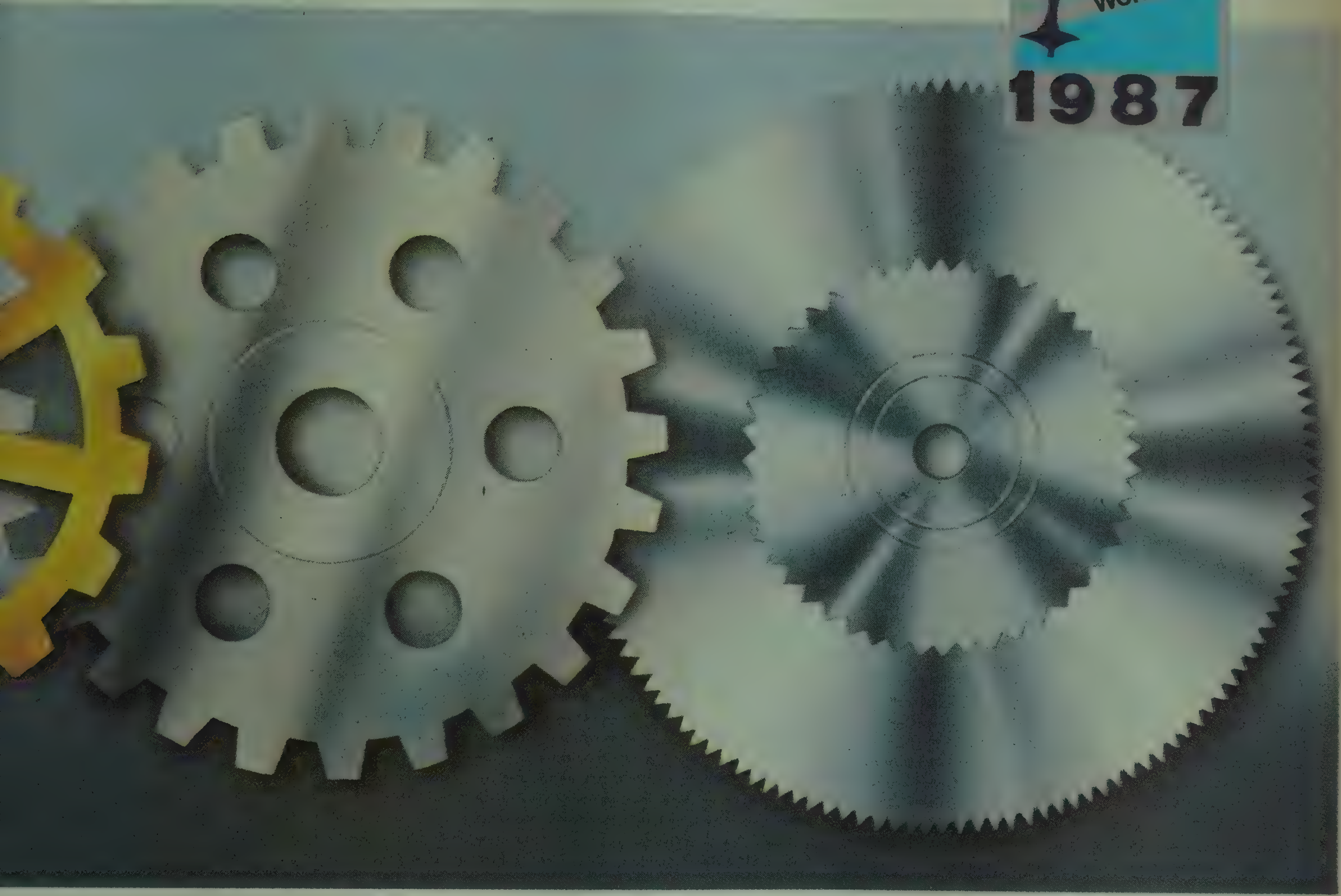
LMW

has not kept that dream waiting.

LMW

At 25, recognised as a leader the world over for the manufacture of the complete range of textile machinery.

1962
Lakshmi
Machine
Works Ltd.
1987



There used to be only one side to the Indian coin: silks, spices and sadhus.

Happily, times have changed.

Today, anybody wanting to argue the contention that India's technological wealth is fast approaching the proportions of its cultural wealth, has enough facts to support his conviction.

Including those provided by LMW's memorable list of achievements of the last 25 years.

Lakshmi Machine Works Ltd. is one of the 5 largest textile machinery manufacturers in the world.

It is a major exporter of textile machinery to different parts of the world.

Its technological excellence matches the standards of the established corps of Swiss giants dominating the international textile machinery market.

It has an extremely modern and versatile manufacturing base, equipped for new technologies, processes and products, which it has utilised to diversify into the manufacture of CNC machine tools with Mori Seiki of Japan.

And it has contributed to the growth of industry as well as has opened up employment opportunities by fostering the birth of 200 ancillary units. The man-hours of the organisation amount to 1.75 million per month.

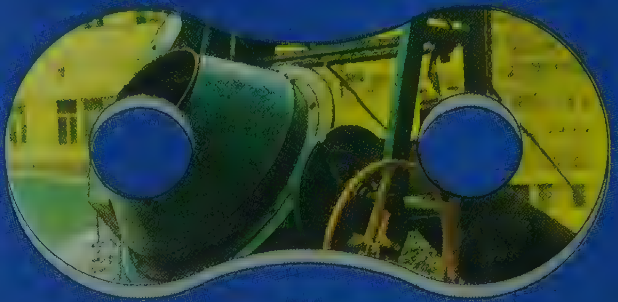
It's an impressive track record. And one that has gone to prove that what's on the other side of the Indian coin is the highest degree of technological accomplishment. As demonstrated by LMW.

25 progressive years.

Lakshmi
Machine Works
Ltd.
Perianaickenpalayam, Coimbatore.

MAA COMMUNICATIONS LMW 3 88

The Big.



The Small.

And hundred others in between have a common link.

Diamond Industrial Chains. From 3" to ¼" for hundreds of application areas...

From giant oil rigs to concrete mixers... paper mills, cement plants, textile mills, fertilizer plants and many, many more.

Diamond Industrial Chains is the one name that has chains in pitches varying from 3" to ¼" manufactured to both AS and BS specifications.

Widest range of transmission chains

☐ Single and multi-strand chains ☐ Leaf chains ☐ Carding chains ☐ Extended pin chains ☐ Heavy duty chains ☐ Conveyor chains ☐ Special purpose chains ☐ Standard application chains.

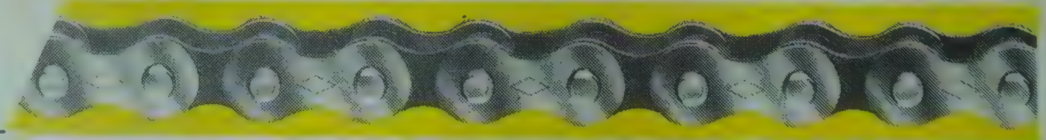
A team of highly trained engineers, 17 warehouses around the country and hundreds of outlets give easy access to Diamond Industrial Chains.

Application Engineering Cell for special needs

Diamond Industrial Chains' Application Engineering Cell will innovate the perfect solution — with a custom-built chain for very specialised requirements.

TI Diamond Chain Ltd.,
Madras 600 053.

Diamond Industrial Chains.
Made in technical collaboration with
Diamond Chain Co., USA.



REGIONAL OFFICES:

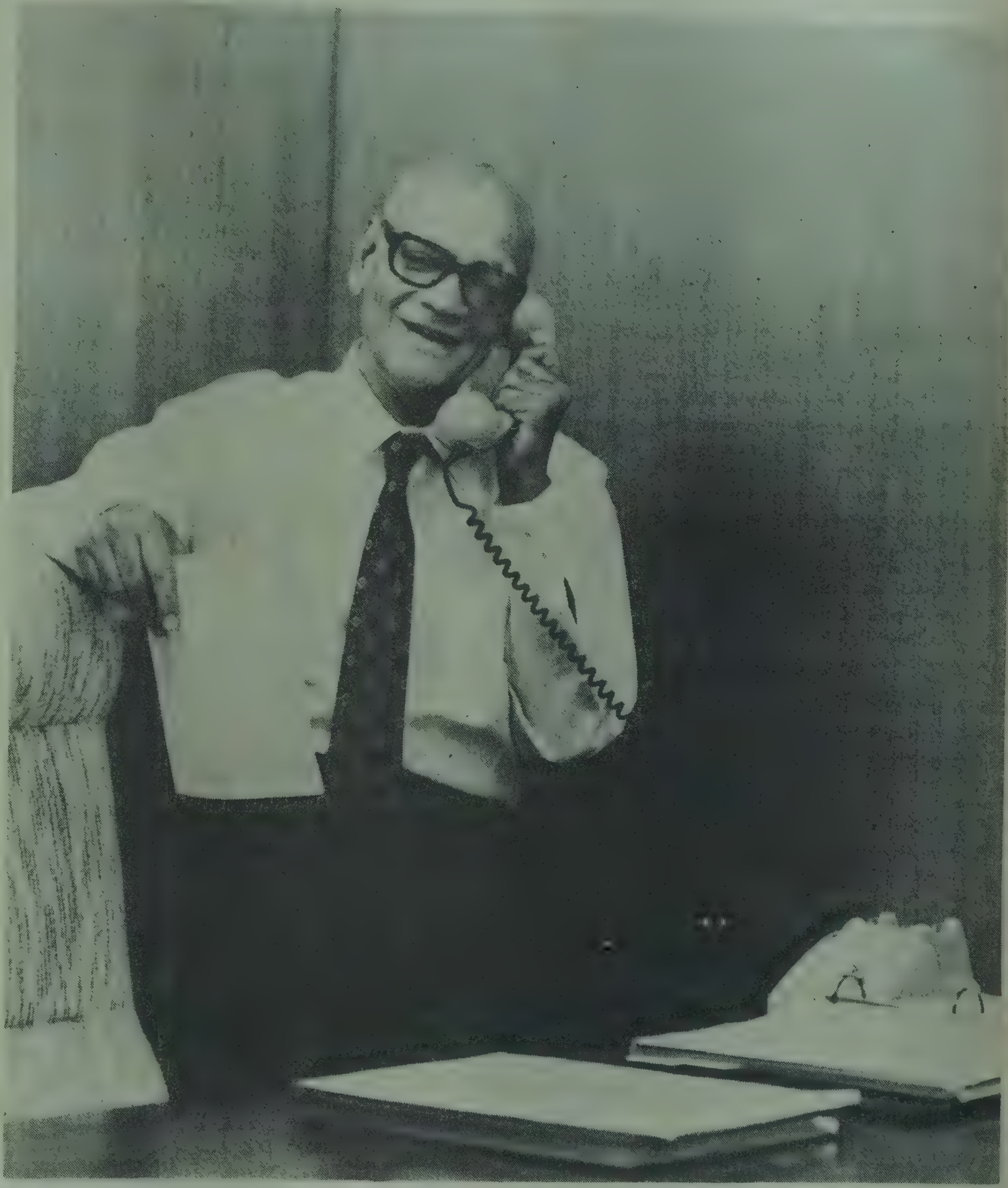
Bombay: United Bank of India Bldg., Sir P M Road, Fort, Bombay 400 001. Phone: 2870903, Telex: 011 2216, Grams: TUBEIND.
New Delhi: Post Box No 7087, 9 & 10/3 Asaf Ali Road, New Delhi 110 002. Phone: 270535, Telex: 031 2319, Grams: TUBEIND.
Calcutta: Post Box No 9151, 27-A Camac Street, Calcutta 700 016. Phone: 442595, Telex: 021 7359, Grams: TUBEIND.
Madras: Southern Region, Ambattur, Madras 600 053. Phone: 656181, Telex: 041 22083, Grams: TICHAIN.

HTA 7204

R.K. SWAMY ADVERTISING

Seeing a door where others see a wall

Starting with a capital of Rs.1 lakh from his provident fund, R.K. Swamy's advertising agency is now among the country's biggest and best with billings of Rs.25 crores



Swamy: gimmicky ads don't always work

At 50, most employees start thinking of retirement plans. Those at the top begin devising strategies to accelerate their way up the managerial hierarchy in the few years left to them. Not R.K. Swamy. In 1972, at the age of 51, he chucked up a plum job with the advertising agency J. Walter Thompson Company (now Hindustan Thompson Associates). At that time, he was very nearly at the head of the agency for which he had worked 32 years. Resigning the job was a bold decision to say the least. His next move — setting up an advertising agency of his own in an arena dominated by big names — called for entrepreneurship when he had spent half his life in the employ of others.

Today, Swamy can afford to smile at those who laughed at him in those days. R.K. Swamy Advertising Associates (SAA), the company he set up in 1973 in Madras with a capital of Rs.1 lakh, had a capitalised billing of Rs.25 crores in 1987-88. This places it among the country's top ad agencies.

SAA is the only ad agency set up in Madras that has an all-India presence. It has full-fledged offices in Bombay, Delhi, Calcutta, Bangalore, and, of course, Madras. It employs more than 270 people and has over 100 clients.

"When others see a wall, we see a door," Swamy sums up his philosophy in this sentence. It also summarises his career. Without any formal education or training, Swamy joined J. Walter Thompson as an assistant in the editorial department in Bombay. A few years later he moved to Calcutta. In the early fifties, he caught the attention of his British bosses when he prepared a report on the tobacco industry in India, which was quite a feat considering that the country had no formal market research establishment at that time.

In the late fifties, Swamy moved to Madras and proceeded to build up the Madras branch of JWT. By the time he left in 1972, Madras accounted for 57 per cent of JWT's profits and had most of the prestigious accounts in the area like the TVS group, Binny and Pond's.

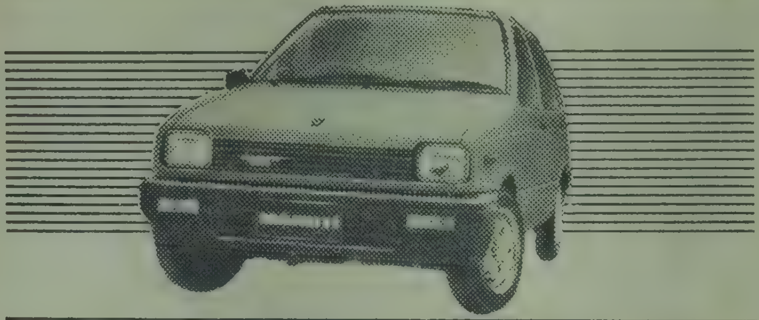
Why then did he choose to leave? Says Swamy, "I respect JWT. I am what I am because of them. But when the managing director's post fell vacant in Bombay and the job went to an outsider (Morris Mathias of Hindustan Lever) who had never headed an advertising agency, I felt I had had enough."

Having decided to quit JWT, there weren't options open to Swamy. Since he had very nearly been at the top of JWT, he couldn't think of working in a lower capacity in any other agency. So, a year after resigning, he set up his own agency. It was a courageous decision. Says a senior advertising executive, "Madras in those days was not exactly — it still is not — the Mecca of advertising. It was relatively backward as far as infrastructure was concerned. The only agencies that had succeeded were those with a long history and multinational backing — like OBM and JWT."

The TVS group was Swamy's first client. He also explored another group of clients — the public sector establishments like BHEL, HPF (Hindustan Photo Films), ONGC, IPCL and HMT. Established agencies were not interested in public sector advertising. And since JWT had not been Indianised then, it could not handle these accounts in any case.

Swamy's first successes were in this relatively new area. The corporate campaign created for BHEL is an example. The company did not have to woo customers. But, says Swamy, the ad campaign corrected BHEL's negative public sector image. It improved its relations with the government. More important, it made the workers proud of the company

BHARAT SEATS revolutionises car seat manufacture in the country.



Bharat Seats has revolutionised car seat making in this country, by bringing in the world's latest technology. All the four major activities in its plant — stitching, welding, polyurethane foam manufacture as well as assembly are carried out using the most modern plant and equipment from world leaders.

The Company is already on a very sound footing having nearly completed all the four phases of its Rs. 9.42 crore project. In fact, it is now meeting the entire requirement of seats for Maruti Car and Gypsy. Since it commenced production, it has supplied over 1 lakh seat sets to Maruti — and is making cash profits already.

Bharat Seats has been jointly promoted by the Relans — who have vast experience in the automobile trade and industry, Maruti Udyog Ltd and Suzuki Motor Co. Ltd, of Japan. Given Maruti's impressive track record and its steady increase in production — Bharat Seats can also look forward to a future of steady growth and assured profitability.

Indeed, Bharat Seats' forthcoming issue offers you a rare opportunity to share the exciting future of a high technology Company with a growing and assured market.

Public Issue of 11,40,000 Equity Shares of Rs.10 each for cash at par.

SALIENT FEATURES

- JOINT VENTURE — PROMOTERS MARUTI UDYOG LTD., SUZUKI MOTOR CO. LTD., JAPAN AND RELANS OF SHARDA MOTOR INDUSTRIES LTD.
- TECHNICAL COLLABORATOR — HOUWA KOGYO CO. LTD., JAPAN
- O.E. SUPPLIER OF SEATS TO MARUTI — OVER 1,00,000 SEAT SETS ALREADY SUPPLIED TO MARUTI.
- **MAKING CASH PROFITS.**
- FOURTH — THE FINAL PHASE NEARING COMPLETION.
- IDEAL LOCATION — IN MARUTI PREMISES ITSELF.
- HIGHLY SOPHISTICATED AUTOMATIC JAPANESE PLANT.
- 80 CC AND WEALTH TAX BENEFITS.
- LISTING ON DELHI, BOMBAY AND AHMEDABAD STOCK EXCHANGES.

ISSUE OPENS ON 8TH AUGUST, 1988.

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CANBANK
FINANCIAL SERVICES LTD.
Capital Markets Group
New Delhi.

INDUSTRIAL FINANCE CORPORATION OF INDIA
Merchant Banking Division
New Delhi.

MANAGERS TO THE ISSUE:

SIFCONS
SHARMA INVESTMENTS & FINANCIAL CONSULTANTS
New Delhi.

ADVISORS TO THE ISSUE:

SAN MANAGEMENT & FINANCIAL CONSULTANTS (P) LTD.
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Phase-I, New Delhi 110 020.

BHARAT SEATS

and led to a doubling of productivity. By improving staff morale, it made management's tasks easier.

BHEL's senior managers were impressed. Many of them who went on to head other organisations chose SAA to handle their advertising campaigns later. When S.V.S. Raghavan (ex-chairman, BHEL) took over as head of MMTC (Minerals and Metals Trading Corporation) he handed the company's image-building campaign to SAA. V.R. Deendayalu, another BHEL manager, now chairman and managing director of Madras Refineries Ltd, says, "SAA puts a lot of effort into their research and presentation. This appeals to us."

But despite the success of his public sector campaigns, Swamy thought it wise to diversify his clientele. "Government policies," he explains, "frequently interfere with the advertising budgets of these organisations. Also, after we had made the public sector accounts productive, stiff competition developed." Today, SAA does have a number of public sector accounts, but the private sector accounts for 75 per cent of its turnover. Nevertheless, a public-sector tag continues to be attached to SAA.

Rivals say that SAA is not exactly renowned for its creativity. It is an accusation that K.R. Bilimoria, SAA's creative head, rejects: "We are busy creating ads for our clients and are not bothered about awards. And people forget that the year we opened (1973) we walked away with the advertising club awards in Madras."

The awards were for the Hindustan Photo Films (HPF) campaign. M.K. Raju, who headed HPF at the time and is a consultant today says, "HPF is a classic case of a public sector company changed radically through a distinctive advertising strategy. Advertising became an integral part of the turnaround strategy of HPF."

Taking up the charge of non-creativity, Swamy points out that gimmicky ads do not always work. Often such ads end up attracting attention to themselves and do not do anything for the products. Swamy and others in the organisation point with pride to some of their successful product campaigns. For example, Food Specialities' Cerelac baby food campaign, with the theme: "Give your baby the Cerelac advantage," successfully unseated Farex, the market leader. Campco's chocolate ads helped the new company enter a market dominated by Cadbury's and Amul.

Our biggest competitor works only 12 hours a day
Power to the people
SAA/BHEL/1337

Power generation equipment from BHEL-Hyderabad delivers nearly 800 MW — round-the-clock — energising industries, electrifying villages.

The sun. A boundless source of energy — but available only for twelve hours a day. And twelve hours of energy is just not enough for India's industries and rural areas.

That's where BHEL-Hyderabad steps in. To provide power twenty-four hours a day. To keep the wheels of industry moving with its power generation equipment.

BHEL-Hyderabad's main line is manufacturing 110 MW and 60 MW turbo-sets. This power generation equipment has been supplied to various thermal stations: Ennore, Kothagudem, Indraprastha, Guru Nanak and Harduaganj.

And right now, more turbo-sets are being manufactured for supply to Faridabad, Barauni, Panipat, Patrathu and Panki thermal stations.

In addition, industrial turbo-sets manufactured by BHEL-Hyderabad are a powerful package deal — at work in giant paper mills, steel plants, refineries, chemical factories and sugar mills, serving their power and process requirements. These turbo-sets, manufactured in collaboration with SKODA of Czechoslovakia, range in capacity from 1.5 to 25 MW.

BHEL-Hyderabad — putting on the pressure

A wide range of Centrifugal Compressors from BHEL-Hyderabad find wide application in fertilizer and chemical complexes, steel and oxygen generating plants — and many more. Putting on the pressure, they deliver gas up to 350 kgs per square centimetre.

BHEL-Hyderabad's role in industry doesn't end here; it also manufactures Minimum Oil Circuit Breakers for voltages from 25 KV, and Air Blast Circuit Breakers for voltages from 132 KV. Plus, Boiler Feed Pumps.

Today, BHEL-Hyderabad's annual capacity is 9,00,000 KW of power generation equipment.

It provides employment to over 8,000 people, who are involved with various trades, skills, and disciplines; people who are part of BHEL's growing family.

BHARAT HEAVY ELECTRICALS LIMITED
(A Government of India Undertaking)
Heavy Power Equipment Plant, Ramachandrapuram, Hyderabad 500 032
Registered Office 18-20 Kasturba Gandhi Marg New Delhi 110 001.

Image-building for the public sector BHEL

The ads for Hyderabad Allwyn helped make the company's quartz watches popular when there was already a well-established manufacturer, HMT. And a new campaign has enabled Allwyn to take on the Titan threat. Keeping in mind that children receive their first watches between the ages of 12 and 14, a new theme, that said, "Time for the new generation" was aimed at this age-group.

Many campaigns are based on some such observation. Srinivasan, Swamy's son and director in charge of Madras, refers to SAA's campaign for Hindustan Latex's premium condoms. "We realised," he says, "that men still feel embarrassed to buy condoms. Our campaign tries to change this attitude. What we are saying is that buying a condom is really no different from buying an after-shave lotion."

Besides the creative side of advertising, SAA has also built up the infrastructure required for competition with the industry's giants. Media planning is carried out with the help of a computerised multimedia optimisation model. To take care of television advertising, Swamy has set up Hansavision, a subsidiary. In 1987, Hansavision produced 39 sponsored programmes for television. And to handle financial promotion, a division called Megalink has been established.

For an agency that is only 15 years old and is competing with others that have existed for a far longer time, SAA has done remarkably well. Swamy's capital of Rs.1 lakh came from his provident fund. In 1973-74, SAA's first year total billings reached Rs.90 lakhs. By 1978-79, they had reached Rs.3.6 crores. The last few years have been especially satisfying. From Rs.12.7 crores in 1983-84, capitalised billings rose to Rs.25 crores in 1987-88. The south accounts for about Rs.15 crores. So, is SAA the largest agency in the south? "We probably are but we don't want to get into that kind of controversy," says Srinivasan.

The other offices too are doing well. The growth of the Bombay office had, for a long time, been hampered because of an accommodation problem, but this has now been sorted out. Shekhar, Swamy's younger son, is in charge, and by 1990 the Bombay branch is expected to be largest in terms of billings.

The growth in billings is there for all to see. But Swamy is equally proud of the organisational set-up he has created. It is an institution, he claims, that is solid, stable, and professionally managed, with the second line ready to take over. The second line consists of his two sons (Srinivasan and Shekhar) and two sons-in-law (C. Ravindran and A.V. Ramanan), all qualified professionals. Besides, there are Swamy's long-term associates, Billimoria, N.S. Rajagopalan and K.S. Krishnamoorthy, all of whom are directors.

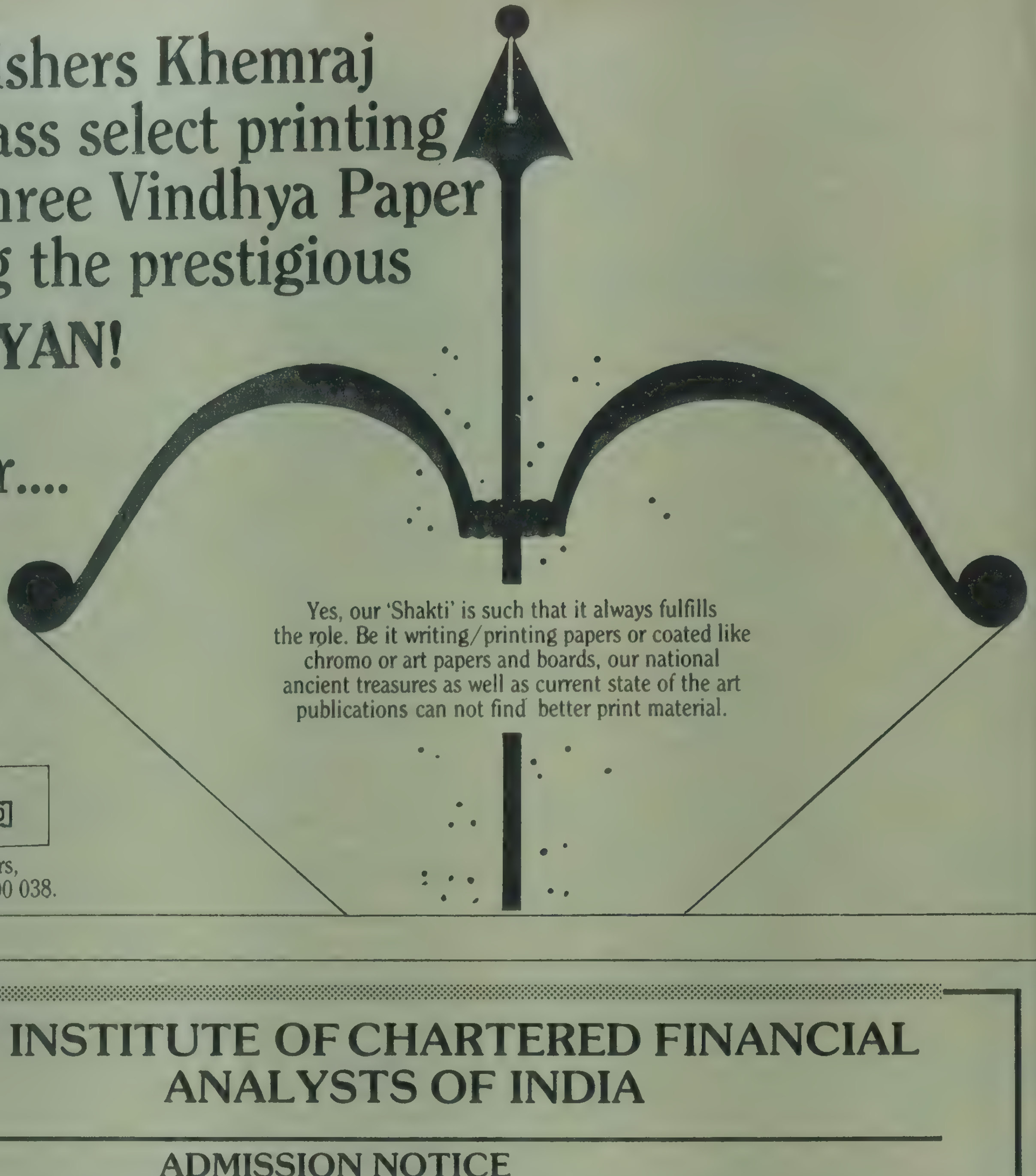
Even so, many old clients feel really comfortable only when dealing personally with R.K. Swamy. How would he explain that? "Well, maybe I have something which cannot be replaced," he laughs.

■ SUSHILA RAVINDRANATH

Leading publishers Khemraj Shrikrishnadass select printing paper from Shree Vindhya Paper for publishing the prestigious

TULSI RAMAYAN!

year after,
year after year....



Yes, our 'Shakti' is such that it always fulfills the role. Be it writing/printing papers or coated like chromo or art papers and boards, our national ancient treasures as well as current state of the art publications can not find better print material.

SHREE विन्ध्या
vindhya
PAPER MILLS LTD.
Indian Mercantile Chambers,
Ballard Estate, Bombay - 400 038.

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AIRBUS

Big German subsidy

The West German government is proposing budgetary support of DM 4 billion to he European Airbus consortium to cover osses on Airbus sales due to exchange ate fluctuations. However, the proposal s likely to meet with stiff opposition from he US. This is because it is felt that American companies like Boeing and Mcdonnell Douglas, which do not receive ny government subsidies, are at a disadvantage in competing with Airbus in inernational markets. Coupled with the udgetary support to Airbus, there is also proposal for Daimler Benz (which aleady controls Dornier) to take over MBB, the German company in the Airbus Consortium with a 38 per cent holding. If his takeover materialises, the Benz roup would cover Mercedes Benz cars, Dornier, MBB and AEG Electricals with a ombined turnover of DM 74 billion.

ALEIGH BICYCLES

Buying Royal Vorcester Spode

he Raleigh bicycle manufacturing group at an advanced stage of discussion with he London Rubber Co for sale of the ondon Rubber subsidiary, Royal Worcester Spode, to Raleigh. Royal Worcester pode is the third largest company makng fine china, behind Wedgwood and oyal Doulton. The purchase price is elieved to be in the region of £37 milon. Raleigh Bicycles was itself spun-off om the TI group last year.

LIZABETH ARDEN-FABERGE-SAMSONITE

Under common wnership

a series of complex financial transacons, three world-famous brand names, amely Elizabeth Arden, Faberge cosetics and Samsonite Luggage are comg under the common ownership of M. iklis, the leading Wall Street financier. iklis, who already owns Elizabeth Arden nd Faberge, is buying Samsonite Lugage and several other businesses from merican Brands, the tobacco, spirits d financial conglomerate, at a price of 950 million. American Brands had ought most of these businesses three onths ago as part of its $ 2.6 billion efence strategy against the takeover bid om EII Holdings.

BA's dispute with American Airlines settled

BRITISH AIRWAYS

Settlement with American Airlines

British Airways has reached an out-of-court settlement with American Airlines on a long-standing dispute over access to its computer reservation systems. American Airlines will now be able to sell British Airways tickets in the UK through its Sabre computer systems. In return British Airways will get greater access to the Sabre system in the US and thereby make its flights more widely available to American customers.

AIR LINGUS

Sale of hotel chain

Sir Y.K. Pao, the Chinese shipping and property tycoon, is purchasing the hotel chain subsidiary of Air Lingus, the Irish national airline. The hotel chain, called Omni Hotels, operates principally in the US and has 14,000 rooms in 39 hotels. The sale of the hotel chain has been negotiated for $ 135 million. Pao plans to expand the Omni chain to 60 hotels in the near future.

HERTZ

Volvo acquires 20 per cent stake

Volvo, the Swedish car manufacturer, has acquired a 20 per cent stake in Hertz Car Rental Agency for $ 100 million. The shareholding was purchased from Ford, which previously owned 80 per cent of the shares of Hertz. Volvo's main interest in Hertz is understood to be the sales outlets that the car rental company will provide for Volvo's products.

MCLEOD RUSSELL

Warren Plantations sold

Mcleod Russell Holdings has sold Warren Plantations for a nominal sum. Warren was acquired by Mcleod Russell four years ago. Subsequently, Warren's Indian business was sold off, leaving only the tea and coffee plantations in Papua New Guinea. These operations incurred a loss of £1 million last year.

ROWNTREE

Nestle's takeover bid accepted

After a long battle, the British chocolate manufacturer Rowntree (manufacturers of the Kit Kat, After Eight and Polo brands) has finally accepted the $ 4.5 billion takeover bid from the Swiss group, Nestle. In winning control of Rowntree, Nestle edged out rival Swiss confectionery group Suchard, which had bought 30 per cent of Rowntree's shares and was also in the running for full control.

■ ABHIJIT SEN

Deepak Fertilisers

Reduced offtake of ammonia affects profits; major diversification plans

Deepak Fertilisers' accounts for 1987-88 are for 15 months, so its figures are not strictly comparable. In keeping with the amendment of the Income Tax Act, the company's financial year is now from April to March.

The company has produced 98,740 tonnes of ammonia (90,278 tonnes) and sold 98,831 tonnes (94,116 tonnes). Sales have been lower in this 15-month period because of reduced off-take by its two main buyers, RCF and Zuari Agro. Due to the drought both the fertiliser companies could not work at peak levels. Inventories increased considerably. The company had to ship ammonia at unremunerative costs to FACT's plant at Cochin but this helped in containing inventory build-up.

The provisional retention price for ammonia of Rs.4,266 per tonne was revised to Rs.4,261 per tonne with effect from April 1987. The government has also fixed the price of gas, a major raw material for the company, at Rs.1,400 per 1000 m3 irrespective of its end use.

The company had filed a writ petition against the government's pricing policies. Since then the Bombay high court has modified the order in favour of the company.

Deepak Fertilisers has taken up major diversification plans to avoid dependence on a single product line. It plans to manufacture nitric acid, ammonium nitrate and methanol at a cost of Rs.170 crores. This project is scheduled to be completed by 1990. The company has received a letter of intent for an ammonium nitrophosphate plant with a capacity of 765 tpd at a cost of Rs.175 crores. The company intends setting up a new company to implement this project.

The company's equity is higher by Rs.3.32 crores due to the part conversion of loans from financial institutions.

	(Rs. crores)	
Year ended	**Mar 88**	**Dec 86**
GROSS SALES (includ. subsidy)	46.33	40.43
OPERATING PROFIT	20.09	19.79
GROSS PROFIT	13.39	13.62
NET PROFIT	4.50	6.76
EQUITY	14.82	11.50
RESERVES	7.06	5.32
GROSS BLOCK	65.36	64.22
NET BLOCK	37.45	44.46
NET CURRENT ASSETS	17.58	12.46
DIVIDEND (%)	18.75	15.00
MARKET PRICE (RS.)		
CURRENT	33.00	
1987: HIGH	46.50	
LOW	23.00	

Ranbaxy

Bonus issue of 2:5, higher sales not matched by profits

The gross sales of the company were higher by 19 per cent at Rs.111.76 crores (previous year: Rs.93.85 crores). Operating profits are higher by 30 per cent at Rs.11.60 crores (Rs.8.86 crores). But interest and depreciation charges are higher, and net profits grew by only 6 per cent to Rs.2.73 crores (Rs.2.56 crores).

The company has recommended a bonus issue of 2:5 after which it will issue rights convertible debentures valued at Rs.15.85 crores. This issue will help raise resources to create additional facilities for new products.

Ranbaxy has maintained its leading position in the manufacture of bulk antibiotics and formulations. Its two products, Norfluxacin and Gloxacillin, were well received in the market. Development work on its anti-ulcer drug, Ranitidine, was completed during the year. This is presently the largest selling drug in the world. Ranbaxy also marketed the Curadia range of surgical dressings and bandages during the year.

The company's joint ventures in various countries are doing quite well. It is also setting up plants in Sri Lanka and Cameron. Exports (including sales to Nepal) increased 62 per cent to reach Rs.18.33 crores (Rs.11.33 crores).

The new DPCO is not likely to have any major impact on Ranbaxy's products and profitability.

	(Rs. crores)	
Year ended 31 Dec	**1987**	**1986**
GROSS SALES	111.19	93.85
OTHER INCOME	4.28	2.17
OPERATING PROFIT	11.60	8.86
INTEREST	6.25	5.06
GROSS PROFIT	5.35	3.80
DEPRECIATION	2.10	0.94
TAX	0.52	0.30
NET PROFIT	2.73	2.56
EQUITY	3.77	3.43
RESERVES	14.19	12.23
GROSS BLOCK	35.97	22.59
NET BLOCK	29.55	18.25
NET CURRENT ASSETS	30.61	34.67
DIVIDEND (%)	20.00	20.00
EPS (%)	72.40	74.63
MARKET PRICE (RS.)		
CURRENT	76.25	
1987: HIGH	135.00	
LOW	71.00	

May & Baker

Dividend increased, sales up, profits better. New DPCO could affect current year's working

May & Baker has increased dividend to 10 per cent from last year's 5 per cent. Gross sales at Rs.46.60 crores (Rs.40.30 crores) are 15 per cent higher. Gross profits have jumped to Rs.2.58 crores (Rs.1.53 crores), a 68 per cent rise. While interest costs have come down, tax liability has increased. Thus at net levels the company has recorded a 169 per cent improvement to Rs.1.43 crores (Rs.53 lakhs).

The company manufactured 848 million tablets and capsules against 704 million pieces last year. It manufactured 3,202 kilolitres of liquid drugs against 3,027 kilolitres last year. These products account for 70 per cent of the company's turnover.

The company introduced during the year the famous Flagyl brand intravenous injections and Cardio Conray injections.

	(Rs. crores)	
Year ended 31 Dec	**1987**	**1986**
GROSS SALES	46.60	40.30
OTHER INCOME	1.35	1.02
OPERATING PROFIT	4.45	3.78
INTEREST	1.87	2.23
GROSS PROFIT	2.58	1.53
DEPRECIATION	0.88	0.88
TAX	0.27	0.14
NET PROFIT	1.43	0.53
EQUITY	4.50	4.50
RESERVES	7.18	6.06
GROSS BLOCK	16.71	16.44
NET BLOCK	10.13	10.63
NET CURRENT ASSETS	11.91	14.42
EPS (%)	31.70	11.80
DIVIDEND (%)	10.00	5.00
MARKET PRICE (RS.)		
CURRENT	46.00	
1987: HIGH	67.50	
LOW	43.00	

It plans to introduce Emthrocin, an antibiotic for respiratory and ENT infections.

However, under the new DPCO, the company's major products are categorised in the controlled list. This will adversely affect sales and profits in the current year.

While the results of the year ended December 1987 have shown an improvement, the management is in the process of formulating an appropriate strategy to counter the adverse impact of the new DPCO.

Everest Building

Good performance; lower raw material costs; sales and profits up

The company has had another good year. Dividend has been stepped up to 25 per cent (previous year: 22.5 per cent) which includes 12 per cent interim dividend.

Sales at Rs.66.94 crores (previous year: Rs.57.16 crores) are higher by 17 per cent and operating profit at Rs.6.56 crores is 27 per cent higher. After making higher provisions for depreciation and tax, net profit has moved up by 26 per cent to Rs.2.53 crores (Rs.2.00 crores).

The operating margins have improved slightly. This is a direct result of the glut in the cement market. Cement constitutes around 40 per cent of the company's raw material requirements and prices this year were lower than in the last year. The price of raw asbestos, another raw material, was far lower at Rs.880 per tonne against Rs.1,100 per tonne last year.

		(Rs. crores)
Year ended 31 Dec	**1987**	**1986**
GROSS SALES	66.94	57.16
OTHER INCOME	1.14	1.21
TOTAL INCOME	68.08	58.37
RAW MATERIALS	28.92	26.56
OPERATING PROFIT	6.56	5.17
INTEREST	0.08	0.10
GROSS PROFIT	6.48	5.07
DEPRECIATION	1.39	1.05
TAX	2.56	2.02
NET PROFIT	2.53	2.00
EQUITY	2.47	2.47
RESERVES	9.64	7.92
GROSS BLOCK	13.76	12.47
NET CURRENT ASSETS	7.39	6.80
EPS (%)	102.00	81.00
DIVIDEND (%)	25.00	22.50
MARKET PRICE (Rs.)		
CURRENT	69.00	
1988: HIGH	72.00	
LOW	68.00	

Production this year was higher. Everest produced 190,457 tonnes (178,375 tonnes) of asbestos cement products and sold 189,226 tonnes (166,819 tonnes). The capacity utilisation improved to 66 per cent (62 per cent). The ongoing modernisation of Everest's Tamil Nadu plant is expected to be completed in the first half of 1988.

The R&D centre at Bangalore has successfully absorbed the know-how provided by T & N Materials Research Ltd, UK under its collaboration agreement. Its pilot plant has been using alternative raw materials successfully and the process will go into commercial production in the current year.

The company has spent 1 per cent of its turnover on R&D this year.

Garden & Vareli

Garden Silk Mills and Vareli Textile Industries have both announced results for the year ended 31 March 1988. Chairman Praful Shah (who heads both the companies), while announcing the results, stated that the boards of directors of Garden and Vareli had "approved in principle" a merger between the two companies.

An independent firm of chartered accountants is now looking into the modalities of the merger which comes into effect from 1 April 1988 but has to be approved by the shareholders and the high court. According to Shah the merger move was "necessitated" as the Garden-Vareli group was embarking on a major Rs.400-crore expansion plan. Further there was a need to "integrate" the activities of both companies and avoid duplication.

During the year ended 31 March 1988 Garden Silk Mills has recommended a dividend of 30 per cent (pro-rata). The company posted higher sales of Rs.155.65 crores (previous year: Rs.140.56 crores). There was a strong demand for the company's products. The operating profit moved to Rs.18.16 crores (Rs.17.75 crores). Both interest (Rs.5.09 crores against Rs.3.37 crores) and depreciation (Rs.3.46 crores against Rs.1.70 crores) are higher compared to the previous year. Consequently the pre-tax profit declined to Rs.14.70 crores (Rs.16.05 crores). There is a small tax liability of Rs.70 lakhs and the net profit stands at Rs.14 crores (Rs.16.05 crores). During the year the company invested Rs.28 crores in expansion.

Vareli Textile Industries maintained its turnover during 1987-88, sales moving from Rs.55.66 crores to Rs.55.71 crores. However, the operating profit declined to Rs.5.34 crores (Rs.7.30 crores). So have interest charges (Rs.1.56 crores against Rs.1.89 crores) and depreciation (Rs.1.12 crores against Rs.1.26 crores). The net profit after a small tax liability works out to Rs.4.12 crores (Rs.5.64 crores).

On the expanded capital following last year's public issue the company is paying a dividend of 22 per cent. During the year the company installed 120 waterjet and 380 automatic shuttle change looms at a cost of Rs.17 crores.

Garden-Vareli plans to invest Rs.400 crores in the next three years. A major portion will be absorbed by the 15,000 tpa polyester filament yarn (PFY) project which will be implemented in two phases and cost Rs.200 crores. The first phase which will cost Rs.120 crores will be ready to begin production in 30 months. Shah emphasies that the company's PFY plants will only produce speciality yarns for which the realisation is higher. The company's other expansion plans include a textile machinery unit in collaboration with Tsudakoma of Japan and a network of wholesale and retail outlets all over the country.

Finolex Cables

Finolex has once again performed exceedingly well. Sales are 60 per cent

			(Rs. crores)
	Dec 1987-May 1988	**Dec 1986-May 1987**	**Dec 1986-Nov 1987**
SALES	37.99	23.63	57.98
RAW MATERIAL COST	22.01	13.05	33.01
SALARY & WAGES	1.09	0.76	1.67
OTHER EXPENSES	4.74	4.33	8.61
OPERATING PROFIT	11.56	6.19	17.29
INTEREST	0.89	0.83	1.60
GROSS PROFIT	10.67	5.36	15.69
DEPRECIATION	0.86	1.42	2.67
TAX	3.58	1.13	4.65
NET PROFIT	6.23	2.51	8.47
EPS (%)	69	28	47
EQUITY CAPITAL	1.80	1.80	1.80

higher at Rs.37.99 crores (previous year: Rs.23.63 crores).

Though raw material costs are higher at Rs.22.01 crores (Rs.13.05 crores), operating profits have leap-frogged to Rs.11.56 crores (Rs.6.19 crores), a rise of 86 per cent.

The interest cost is almost the same while the provision for depreciation is 3 per cent lower compared to the same period last year. It stands at Rs.0.86 crores (Rs.1.42 crores). However, tax provision is phenomenally higher at Rs.3.58 crores (Rs.1.13 crores).

Net profits are higher by 12 per cent at Rs.6.23 crores (Rs.2.81 crores).

The company's working margins have improved to 30.4 per cent from 26.1 per cent. This is attributed to the growing sales of jelly-filled cables.

With the new plant expected to start by the end of the year, profits are expected to increase. The company may extend the financial year to March 1989. Thus, the new plant's production will add to the turnover.

The future of the company looks bright.

Century Textiles

The company has performed well in the first half of this year. Sales have moved to Rs.205.32 crores (Rs.172.67 crores), a 19 per cent rise. At the same time net profit has jumped up to Rs.6.33 crores (Rs.1.01 crores).

But this profit includes Rs.1.74 crores (Rs.1.08 crores) in capital gains on sale of investments in shares. This is a non-recurring revenue. The company's results would have been better had its rayon unit not faced labour trouble.

Other expenses are higher by 49 per cent at Rs.79.21 crores (Rs.53.14 crores). Operating margins have improved slightly, but in value terms profits are 24 per cent higher at Rs.37.19 crores (Rs.30.04 crores).

Interest liability is higher by 16 per cent at Rs.13.37 crores (Rs.11.48 crores). Depreciation is marginally lower at Rs.16.31 crores (Rs.17.37 crores). Profits at net level have, however, improved substantially to Rs.6.33 crores (Rs.1.01 crores).

Raw material cost as a percentage of sales has been reduced to 34 per cent (38.5 per cent).

(Rs. crores)	Jan 1988- June 1988	Jan 1987- June 1987	Jan 1987- Dec 1987
SALES	205.32	172.67	363.99
OTHER INCOME	14.00	6.00	16.63
TOTAL INCOME	219.32	187.67	380.62
RAW MATERIAL COST	71.39	66.47	123.29
SALARY AND WAGES	31.53	29.02	60.01
OTHER EXPENSES	79.21	53.14	140.03
OPERATING PROFIT	37.19	30.04	74.72
INTEREST	13.37	11.48	22.37
GROSS PROFIT	23.82	18.56	52.35
DEPRECIATION	16.31	17.37	33.41
TAX	1.18	0.18	3.00
NET PROFIT	6.33	1.01	15.94
EPS (%)	18.00	17.40	59.88
EQUITY CAPITAL	26.62	26.62	26.62

HDC

Hindustan Development Corporation (HDC) has turned out another good performance. In the six months ending June 1988, the company's sales are up by 33 per cent to Rs.79.96 crores (previous year: Rs.60.03 crores).

At operating levels, it has earned Rs.16.62 crores (Rs.12.13 crores). Gross profit is up 53 per cent at Rs.11.64 crores (Rs.7.59 crores).

Interest amounted to Rs.4.98 crores (Rs.4.54 crores) while depreciation was Rs.4.81 crores (Rs.3.06 crores). Tax liability stood at Rs.1.08 crores (Rs.0.68 crores). After providing for all these expenses, the net profit was still healthy at Rs.5.75 crores (Rs.3.85 crores), an increase of 49 per cent.

The company has been able to reduce its costs. Its raw materials cost as a percentage of sales has dropped from 55.2 per cent to 52.1 per cent.

The company has been able to maintain a steady 30 per cent growth in sales. At this rate, the company may reach a turnover of Rs.160 crores this year, against Rs.144 crores last year.

The company has always performed better in the second half of the year than in the first. So if it has been able to to so well in the first half, it should do better in the second.

HDC's EPS in the half year ending June 1988 is higher at 68.29 per cent (45.7 per cent). The company is going ahead with its ambitious expansion and diversification plans.

(Rs. crores)	Jan- June 1988	Jan- June 1987	Jan- Dec 1987
NET SALES	79.96	60.03	144.17
OTHER INCOME	1.01	0.81	1.93
GROSS INCOME	80.97	60.84	146.10
OPERATING PROFIT	16.62	12.13	25.64
INTEREST	4.98	4.54	9.33
GROSS PROFIT	11.64	7.59	16.31
DEPRECIATION	4.81	3.06	9.96
TAX	1.08	0.68	1.21
NET PROFIT	5.75	3.85	5.14
EPS (%)	68.3	45.7	61.00
EQUITY CAPITAL	8.42	8.42	8.42

RESULTS ANNOUNCED

Ion Exchange

Ion Exchange (India) Ltd has declared a final dividend of 10 per cent for the year ended 30 April 1988. Taken together with the interim payment the total dividend works out to 20 per cent. The company has reported sales of Rs.37.43 crores and a gross profit of Rs.2.01 crores. After providing Rs.53 lakhs for taxes the net profit works out to Rs.1.48 crores. After adjustments the profit available for appropriation is Rs.1.26 crores. Rs.70 lakhs has been transferred to general reserve.

Citurgia

Citurgia Biochemicals is paying a higher dividend of 35 per cent (previous year, 22 per cent) during the year ended 31 March 1988. The company posted higher sales of Rs.25.02 crores (Rs.22.78 crores) and the gross profit to Rs.6.12 crores (Rs.5.51 crores). After providing Rs.1.74 crores for depreciation and Rs.1.45 crores for taxation the net profit is higher at Rs.2.93 crores (Rs.2.43 crores). During the year the company's share capital was reduced from Rs.5.25 crores to Rs.3.38 crores by the repayment and cancellation of the entire shareholding of the collaborator, John Stirge of UK.

Tata-Yodogawa

Tata-Yodogawa Limited, during the year 1987-88, has reported sales of Rs.29.79 crores, which is 11.9 per cent higher than the previous year's figure of Rs.26.62 crores. Sales of rolls and billets were the highest ever achieved by the company.

However, the profit for the year after

providing depreciation of Rs.64.66 lakhs (Rs.48.88 lakhs) was Rs.9.03 lakhs and adding the write-back of excess liabilities provided in the earlier years, the total profit was Rs.104.28 lakhs (Rs.95 lakhs). After tax the profit works out to Rs.73.28 lakhs (Rs.73.57 lakhs). The pre-tax profit for the previous year included write-back of certain liabilities. With a carry-over balance of Rs.16.61 lakhs, the amount available for appropriation works out to Rs.89.89 lakhs (Rs.90.10 lakhs).

The company has achieved a major breakthrough in the export market with a large order which will exceed the cumulative export of rolls made so far. As a measure of modernisation, a CNC heavy-duty roll turning lathe has been received and will be commissioned during the current year.

After transferring Rs.4 lakhs to the general reserve the profit for distribution works out to Rs.85.89 lakhs (Rs.66.59 lakhs).

The company has recommended payment of dividend at 15 per cent (20 per cent) subject to tax, aggregating Rs.37.49 lakhs (Rs.49.99 lakhs), leaving a balance of Rs.48.40 lakhs (Rs.16.61 lakhs).

New India Assurance

New India Assurance has performed well in 1987. The gross direct premium income for 1987 has been Rs.502.63 crores, compared with Rs.433.82 crores in 1986, recording a growth of 15.86 per cent.

The capital and funds of the company have increased from Rs.421.99 crores in 1986 to Rs.498.87 crores in 1987, registering a growth of 18.2 per cent. The total assets have also risen from Rs.977.35 crores in 1986 to Rs.1,095.94 crores in 1987. The overseas operations generated a gross premium income of Rs.55.70 crores in 1987, up from Rs.40.30 crores in 1986.

New India crossed a gross direct premium income of over Rs.500 crores in 1987, achieving a profit of over Rs.100 crores before tax deductions. The company's assets have also exceeded Rs.1,000 crores in 1987.

New India has ambitious plans for 1988. The company has fixed a premium target of Rs.525 crores, and a target of Rs.27.69 crores under rural insurance has also been fixed, aiming for an accretion of 38 per cent over 1987. The directors have proposed a 35 per cent dividend, ie Rs.1.75 per share for the year, amounting to Rs.9.06 crores.

Bombay Dyeing

Bombay Dyeing has performed well during the year ended 31 March 1988. A dividend of 30 per cent has been announced. The company posted sales of Rs.308.08 crores (Rs.330.46 crores during the previous 18-month period) and gross profit substantially higher at Rs.41.73 crores (Rs.26.59 crores).

Three factors have contributed to this good performance. Bombay Dyeing's DMT plant continued to function at its rated capacity and was a moneyspinner through the year. Sales of the textile division registered a healthy growth of 20 per cent. And textile exports were higher at Rs.32.16 crores. As a result the company's pre-tax profit surged to Rs.22.94 crores (Rs.9.34 crores) and after providing Rs.3.59 crores towards taxes the net profit has more than doubled to Rs.19.35 crores (Rs.9.34 crores).

However, the recent import duty increases in paraxylene are bound to affect the DMT division during the current year. Customs duty on paraxylene which is a vital intermediate in the manufacture of DMT was hiked from 85 to 120 per cent. And the price of paraxylene in the international market doubled from $380 to $660. However, the company has been selling DMT at Rs.21 per kg which is bound to eat into margins this year.

Raymond Woollen

Raymond Woollen Mills is paying a dividend of 25 per cent on the enhanced capital for the year ended 31 March 1988. The company posted sales of Rs.239.05 crores, an increase of 6.2 per cent over the previous year. The gross profit was lower at Rs.23.68 crores (Rs.26.58 crores) and the pre-tax profit at Rs.9.35 crores (Rs.13.24 crores). According to the company the decline in profits is due to changes in the method of accounting on "certain items" from cash to accrual basis. After providing Rs.1.62 crores for taxes the net profit works out to Rs.7.72 crores (Rs.13.23 crores).

Grasim

Grasim Industries has announced a bonus issue (in the rato 3:4) and a dividend of 27.5 per cent for the year ended 31 March 1988, Sales and profits were substantially higher due to increased output in the cement, chemical and textile divisions and improved off-take of viscose staple fibre.

Sales moved to Rs.675.67 crores (Rs.531.41 crores) and gross profit to Rs.58.45 crores (Rs.34.90 crores). The company has provided Rs.39.01 crores (Rs.26.34 crores) towards depreciation and there is a minimum tax provision of Rs.2.87 crores. The net profit has more than doubled to Rs.19.12 crores (Rs.8.60 crores).

Grasim is implementing several major projects. Cement capacity is proposed to be doubled from 1 million tonnes to 2 million tonnes. Clearances are awaited for a 600,000 tpa gas-based sponge iron plant (to be implemented as a division of the company) and for projects to manufacture hydrogen peroxide and colour television glass shells.

In Brief

Boehringer-Knoll Ltd has reported improved results for the year ended 30 April 1988. The company's turnover has increased from Rs.19.90 crores in the previous year to Rs.23.82 crores in 1987-88 and gross profit has shot up from Rs.10.85 lakhs to Rs.54.93 lakhs. Similarly, net profit went up to Rs.30.69 lakhs as against a net loss of Rs.10.56 lakhs last year.

Despite improved performance the company has again proposed to skip the dividend with a view to conserving funds for capital expenditure and modernisation of plants.

Graham Firth Steel Products (India) Ltd has reported improved results for the year ended 31 March 1988. The company has achieved a higher turnover of Rs.17.13 crores during the year against Rs.13.56 crores in the previous year. Gross profit of the company has also more than doubled to Rs.1.46 crores from Rs.66.92 lakhs last year. After providing Rs.25.83 lakhs for depreciation and Rs.52.50 lakhs for taxation net profit has shot up to Rs.68.09 lakhs from Rs.22.24 lakhs in the previous year.

Consequently, the company has also proposed to step up the equity dividend from 20 per cent last year to 25 per cent this year.

Incab Industries Ltd has reported higher sales for the year ended 31 March 1988. Sales were higher at Rs.116.06 crores against Rs.99.52 crores in the previous year. The gross profit before depreciation amounted to Rs.8.33 crores during the year.

STOCKMARKET REVIEW

Reading tea leaves

(For the period 4 to 16 July 1988)

The gypsy reader at festivals tells the future from tea leaves at the bottom of a cup. Other foretellers look at the entrails of a bird or the position of a star. Stock market forecasters too tend to be of all types, some preferring to rely on past price movements, which is akin to reading tea leaves, while others are less deterministic, mixing from the past with their expectations of the future.

Marginal decline. Does the past indeed leave a message for the future, at least so far as stock markets are concerned? Or is the past always efficiently discounted? The table below tells its own story for shares whose past was revealed over the past fortnight. For the market as a whole, it was a case of following the previous fortnight's message of "neither this way nor that way," with the *Economic Times* All-India Index of Ordinary Share Prices declining only marginally from 257.6 to 255.3 over the fortnight. The Bombay Stock Exchange Index was also almost unchanged at 576.64, down from 577.53 over the fortnight before. However, the market did not remain unchanged throughout the period. At its lowest, the BSE Index was down over 55 points at 522.07. This was partly due to fears about the monsoon, which was particularly weak over western India till 12 July before progressing satisfactorily. Finance Minister Chavan's announcement that he has an open mind on exempting dividends from tax was heard by marketmen as Chavan meaning what he almost said; this has cheered the market, which will undoubtedly rise further when Chavan actually says what he (almost) means.

In fact, speculators, if not investors, are staking a lot on the exemption of dividends from tax. Will markets be encouraged by such an exemption? The logical argument goes as follows: dividend yields are only about 4 per cent, while an investor in stock markets looks for an annual return of 25 per cent or so. Most of the return is in the form of (tax-exempt) unrealised capital gains. Hence, exempting dividends from tax will raise the investor's annual return by a mere 2 per cent, assuming that he pays tax at 50 per cent. This should not have much of an impact on stock prices (about 2 per cent).

Alas, markets are sometimes illogical, especially in the short run. Speculators argue that those with black money will be able to safely park their funds in stocks once dividends are tax-exempt. This should encourage markets. But the government, if it desires to provide such a loophole, would do better to deduct tax on dividends at source at a flat rate.

A review of corporate news over the fortnight shows an encouraging trend. Bombay Dyeing, which had been expected to issue a 1 for 1 bonus decided not to do so because of a sharp rise in the price of its raw material costs (the international price of a major input, paraxylene, has risen from $ 380 per tonne to $ 660 per tonne over the past three months, and the government has raised the customs levy from 85 per cent to 120 per cent since the budget). As a result, Bombay Dyeing's share price declined sharply from the fortnight's high of Rs.141 to Rs.102.50 at the close of the fortnight, in spite of improved annual results.

Amal Rasayan, Citurgia, Finolex and Hindustan Development Corporation announced better results, while the working results of National Peroxide and Tata Oil were weaker. Grasim Industries announced good results and a 3 for 4 bonus. However, the price of the share was unaffected (*see table*). Orkay's non-convertible debenture issue of Rs.32 crores appeared to have failed by fortnight's end, leading to its share price dropping over the fortnight from Rs.34.50 to Rs.28.50.

Reliance Industries announced the terms of its convertible debenture issue to finance Reliance Petrochemicals Limited. Allottees will receive one converted share immediately at par, while the remaining shares will carry premiums that will depend on the company's performance. The market has taken this to mean that the company will set the premium to its advantage, and not to the investor's benefit. Reliance's share price plummeted from Rs.195 to Rs.180.50 on announcement, but institutional support raised the price to Rs.200 by the close of the fortnight. Tata Steel's announcement of quarterly output showed a fairly stagnant output picture, with steel output up from 4.76 lakh tonnes to 4.99 lakh tonnes. The market price of Tata Steel reacted to Rs.782.50 upon this announcement from Rs.837 earlier, and declined further to Rs.770 by the fortnight's close.

Lumpsum levy. The major market event of the fortnight was the agreement between stock exchange representatives and the government to consider an alternative to turnover tax. The proposed tax had led to protests from brokers and work strikes at the end of June (*see next story*).

There has been an increase in the overall liquidity of the market following slackness in the call-money market. This is attributed to low demand for agricultural credit. This was the reason for the low *badla* rate of 12 per cent, against more than twice this rate in the previous fortnight. Normally, a low *badla* rate indicates a preponderance of short-sellers and expectations of a weak market (thus, in 1987, the average *badla* rate was 14 per cent). The present case is that of an unrelated excess of liquidity arising from temporarily slack demand for agricultural credit. While a low *badla* rate will encourage forward purchasers in the short run, the real story in stockmarkets is yet to unfold. The prologue to the story is the monsoon; in its wake, when there is a rise in aggregate demand, the markets should rise.

■ RAFIQ DOSSANI

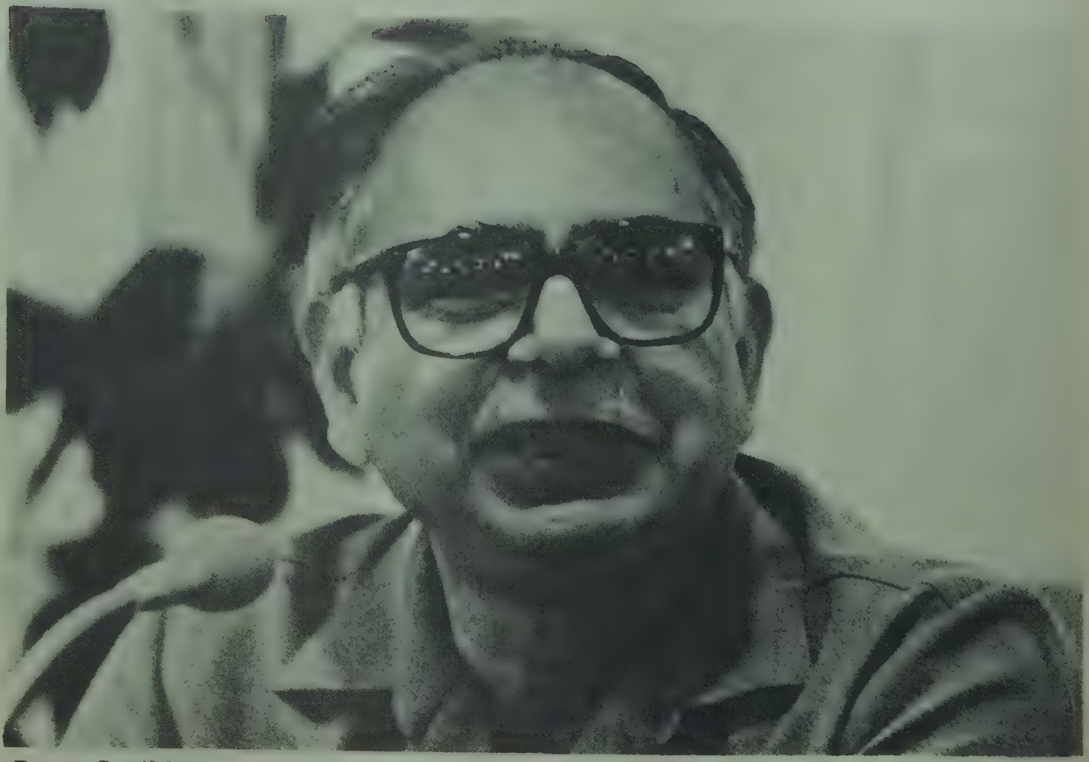
The efficiency of stock prices

KEY: The market is efficient if the price a month ago (13 June) is within 5 per cent of the price after announcement of results (15 July)

Company	Results announced on	Compared with prev. announcement	Price on 13.6	Price on 15.7	Whether market efficient
Modi Xerox	4 July	Better	35.00	34.50	Yes
Grasim	4 July	Better	99.00	104.50	No
Hind Devt.	11 July	Better	96.50	100.00	Yes
Citurgia	12 July	Better	69.00	72.00	Yes
Finolex	12 July	Better	402.50	425.00	No
Nat. Peroxide	13 July	Worse	910.00	890.00	Yes
Tata Oil	14 July	Worse	71.00	58.00	No

STOCK EXCHANGE MEET

A rewarding experience



Dave: flexible and reasonable

The presidents and executive directors of the country's leading stock exchanges (Bombay, Calcutta, Delhi, Madras, Kanpur, Ahmedabad and Bangalore) met last fortnight in Ahmedabad to deliberate on the controversial tax on stock-broking transactions proposed to be levied by the newly-constituted Securities and Exchange Board of India (SEBI). S.A. Dave, chairman of SEBI, and Paul Joseph, joint director, stock exchanges, ministry of finance, also attended the meeting.

The major outcome of the meeting was the decision to support SEBI financially — but by payment of lumpsum amounts instead of the proposed levy *(see table)*. The position will be reviewed after a year and a half. Satisfied at the outcome, Dave commented, "The form of contribution is unimportant. What matters is that they have agreed to support SEBI. While a percentage levy would provide much needed elasticity to SEBI's revenues, even a lumpsum contribution is OK provided it increases annually at a reasonable rate."

Good response. Thanks to Dave's flexible and reasonable attitude, the leaders of the trading fraternity have accepted SEBI, though it is a new institution. Typical is the reaction of P.C. Jain, president of the Delhi Stock Exchange: "Some people walk into a meeting and you immediately like them. By behaving like one of us and not like an important government official, Dave has reassured us that SEBI will act not to control us, but to help us."

Who pays SEBI what?

	(Rs. lakhs)
Bombay	25
Delhi	6
Calcutta	6
Ahmedabad	2
Kanpur	2
Madras	2
Bangalore	1
Ludhiana	0.5
Hyderabad	0.5

Six small exchanges pay Rs.25,000 each.

These amounts will be split roughly 50-50 betweem the exchanges and their member brokers. The lattar's share will be fixed by the individual exchanges on an equitable basis.

Contributions will rise 20 per cent in 1989-90.

Companies will pay 25 per cent of their listing fees on Bombay and their respective regional exchanges as annual levy to SEBI.

The system will be reviewed before 1990.

Says Dave, "SEBI is a non-statutory board and comprehensive legislation is statutory. What matters, however, is not the status, but the approach." And in response to an apprehensive Ahmedabad broker who wondered how SEBI regulation would help, Paul Joseph likened SEBI's role to that of a traffic policeman who would help in preventing accidents and traffic jams.

M.R. Mayya, executive director of the Bombay Stock Exchange, estimates that by the turn of the century the size of the Indian capital market will be Rs.10,000 crores, compared with its current level of Rs.4,000 crores. SEBI plans to play an active part in this growth. Among the developmental activities envisaged are the modernisation of stock exchanges, the creation of a national capital market by computerisation of the financial services industry, and linking of the major financial centres with dedicated high-volume telecommunication links.

The Ahmedabad meeting considered measures to deal with delays in the transfer of share documents. While the listing agreements provide for a limit of 30 days and the Companies Act for a limit of 60 days, the only enforcement measures available today are the suspension and delisting of truant companies — remedies which are worse than the original disease. Shares sent one month before notice of closure of books, the meeting recommended, should be registered before closure. Shares sent after that date but before closure should be registered within two months after the closure date. The meeting recommended that companies which do not comply with these measures should be fined. The government's view on this recommendation has been sought since it has to approve changes in the listing agreement.

There were some fireworks towards the end of the open session. Himal Parikh, a young Ahmedabad broker with an MBA from IIMA, raised two issues. One concerned the *pari passu* ranking of different shares of the same company. The other was the odd lots problem. The *pari passu* issue became a contentious one. Brokers demanded that the controller of capital issues be more firm about these matters in the interests of the investor.

All in all the meeting proved to be a rewarding experience. Given the beneficial effects of the system of quarterly meetings it was decided to have the next one in Kanpur in October. It was also decided that the annual meeting be moved from its traditional January slot by a month or two so that senior government officials could take part in its deliberations. Speakers from the various exchanges discussed their settlement and business practices. The differences were thoroughly analysed and each went away with a clear idea about the area in which he could benefit from the others' experiences. ■

RAHUL BHIMJIANI

STOCKMARKETS

Company (Face value)	Year ended	Eq (Rs in crores)	Res	Book value (Rs.)	Market Price (Rs.) on 15.7.88	1988 High	Low	EPS (%)	PE (times)	Last div. (%)	Yield (%)	Last bonus Yr.Ratio
ALUMINIUM		**48.59**	**207.24**		**209.17***			**36.69**	**10.37**		**3.61**	
Alum Ind (10)	03/87	2.70	0.20	10.74	3.00	5.75	3.00	-87.04	0.00	0:00	0.00	66 1 : 7
Hindalco (10)	12/87	13.39	166.64	134.45	84.00	93.00	73.00	104.63	8.03	22.50	2.68	86 1 : 2
Indal (10)	12/86	32.50	40.40	22.43	29.50	34.00	25.50	18.98	15.54	14.00	4.75	77 2 : 5
AUTO-ANCILLARIES		**68.80**	**69.60**		**309.77***			**30.16**	**14.94**		**2.39**	
Auto Corp (10)	03/87	2.35	2.56	20.89	39.00	50.00	31.50	52.77	7.39	17.00	4.36	
Bharat Gears (10)	07/87	4.01	6.98	27.41	14.00	18.00	12.00	20.95	6.68	12.50	8.93	
Gabriel (10)	05/86	2.64	3.26	22.35	18.00	23.00	16.50	41.29	4.36	10.00	5.56	78 3 : 2
Goetze (10)	06/87	6.92	10.22	24.77	32.50	33.00	25.00	44.08	7.37	22.00	6.77	
Hind Ferodo (10)	12/87	5.50	1.19	12.16	18.50	22.00	16.00	13.45	13.75	5.00	2.70	83 4 : 5
Kalyani Brks (10)	06/87	3.90	0.00	10.00	20.00	28.00	14.75	0.00	0.00	0.00	0.00	
Mico (100)	12/86	38.04	35.99	194.61	570.00	630.00	447.50	32.60	17.49	10.00	1.75	86 1 : 1
Sund Fast (10)	03/86	3.19	8.67	37.18	68.00	71.00	52.00	35.42	19.20	20.00	2.94	81 2 : 3
ZF Steering (10)	06/87	2.25	0.73	13.24	50.00	67.00	32.00	11.11	45.00	0.00	0.00	
AUTO-CAR JEEP TRAC		**65.66**	**183.44**		**222.03***			**40.80**	**8.27**		**4.62**	
Hind Motors (10)	03/87	26.35	57.33	31.76	21.25	26.50	15.50	21.59	9.84	10.00	4.71	86 1 : 1
Mah & Mah (10)	10/87	19.26	70.79	46.75	57.00	63.00	50.50	57.58	9.90	22.00	3.86	84 2 : 3
Prem Auto (100)	06/87	16.20	42.55	36.27	30.00	39.00	21.50	53.21	5.64	18.00	6.00	1 : 1
Punjab Trac (10)	11/86	1.54	8.79	67.08	37.00	44.00	15.00	27.92	13.25	15.00	4.05	81 2 : 5
Stan Motors (10)	12/86	2.31	3.98	27.23	8.50	10.00	8.25	44.16	1.93	10.00	11.76	
AUTO-LIGHT TRUCK		**58.52**	**52.25**		**91.63***			**- 6.09**	**0.00**		**0.09**	
Allwyn Nis (10)	06/86	16.54	0.00	10.00	8.50	11.00	3.76	0.00	0.00	0.00	0.00	
Bajaj Tempo (10)	09/87	6.60	42.10	73.79	76.25	95.00	64.00	26.21	29.09	12.50	1.64	85 1 : 1
DCM Toyo (10)	06/87	15.00	0.15	10.10	9.00	13.50	6.50	0.00	0.00	0.00	0.00	
Eicher Mot (10)	04/86	9.90	10.00	20.10	7.00	10.00	5.00	0.00	0.00	0.00	0.00	
Swaraj Maz (10)	12/86	10.48	0.00	10.00	6.50	7.00	3.50	- 54.96	0.00	0.00	0.00	0 : 0
AUTO-HVY TRUCK		**74.57**	**240.43**		**422.15***			**44.15**	**12.82**		**3.71**	
Ash Leyland (10)	12/86	21.39	68.18	41.87	37.00	42.00	29.00	27.91	13.26	16.00	4.32	78 1 : 2
Telco (100)	03/88	53.18	172.25	423.90	645.00	701.00	340.00	50.68	12.73	23.00	3.57	82 2 : 5
AUTO 2/3 WHEEL		**67.88**	**236.64**		**190.45***			**117.53**	**2.06**		**9.28**	
A.P. Scooters (10)	07/86	9.12	0.24	10.26	4.50	18.00	2.00	40.02	1.12	0.00	0.00	
Bajaj Auto (100)	06/87	18.82	174.99	1029.81	235.00	260.00	187.50	343.04	0.69	80.00	34.04	84 1 : 1
Enfield (10)	06/87	5.04	0.04	10.08	9.15	11.50	8.25	- 158.53	0.00	15.00	16.39	84 1 : 1
Hero Honda (10)	06/86	12.00	1.15	10.96	19.00	23.50	15.50	9.58	19.83	0.00	0.00	
Kinetic Eng (10)	06/87	1.20	14.89	134.08	230.00	285.00	161.25	204.17	11.27	30.00	1.30	83 1 : 1
Kinetic Honda (10)	01/87	10.00	2.35	12.35	24.00	35.50	16.00	- 45.60	0.00	0.00	0.00	
Maha Scoot (10)	06/87	2.86	18.46	74.55	170.00	215.00	80.00	441.61	3.85	35.00	2.06	1 : 1
Sund Clay (10)	05/87	1.14	24.00	220.53	36.00	57.50	29.25	563.16	0.64	40.00	11.11	83 1 : 1
TVS Suzuki (10)	08/86	7.70	0.52	10.68	13.50	16.50	8.00	19.09	7.07	0.00	0.00	
BEARINGS		**33.17**	**35.22**		**182.96***			**37.74**	**14.81**		**1.90**	
Anti-Friction (10)	03/88	3.23	3.75	21.61	16.00	22.00	10.00	49.23	3.25	9.00	5.62	83 1 : 2
Asso Bear (100)	12/86	12.35	22.33	280.81	1285 00	1350.00	1058.00	74.74	17.19	20.00	1.56	86 2 : 5
Bimetal (10)	06/86	1.91	6.70	45.08	57.50	67.50	50.00	71.73	8.02	20.00	3.48	81 1 : 2
Fag Prec (100)	12/87	3.36	3.35	199.70	122.50	125.00	105.00	9.82	12.47	10.00	8.16	
Karna Ball (10)	06/86	12.32	- 0.91	9.26	3.24	7.00	2.50	0.00	0.00	0.00	0.00	
CEMENT		**137.86**	**334.65**		**298.70***			**18.67**	**8.91**		**6.44**	
ACC (100)	07/86	39.88	110.73	377.66	218.00	265.50	134.00	21.59	10.10	2.50	1.15	86 1 : 5
Andhra Cem (10)	03/87	11.93	11.54	19.67	9.50	14.50	8.00	5.78	16.43	10.00	10.53	67 1 : 2
Bagalkot (10)	12/87	3.03	7.94	36.20	34.00	34.00	18.00	35.31	9.63	20.00	5.88	
Birla Jute (10)	03/87	20.37	83.53	51.01	39.50	46.50	33.00	43.25	9.13	16.00	4.05	86 1 : 1
Guj. Ambuja (10)	06/86	17.91	0.00	10.00	15.00	17.00	12.00	0.00	0.00	0.00	0.00	
India Cem (10)	03/87	4.90	19.42	49.63	18.00	22.00	13.50	34.90	5.16	12.00	6.67	70 2 : 5
Mad Cem (100)	12/87	3.02	18.62	716.56	575.00	575.00	305.00	- 153.31	0.00	25.00	4.35	
Mang Cem (10)	12/87	7.11	11.01	25.49	19.50	22.00	13.00	23.91	8.16	15.00	7.69	
Mysore Cem (10)	06/87	4.98	16.25	42.63	26.00	27.00	18.00	30.92	8.41	175.00	67.31	85 2 : 5
Narm Cem (10)	12/86	13.99	0.15	10.11	4.00	7.25	4.00	- 22.66	0.00	0.00	0.00	
Orissa Cem (10)	12/87	5.40	31.58	68.48	32.00	34.00	14.75	79.63	4.02	20.00	6.25	1 : 1
Raasi Cem (10)	06/86	5.34	23.88	54.72	13.00	21.00	13.00	95.69	1.36	18.00	13.85	
CHEMICALS		**245.94**	**350.07**		**1107.36***			**61.12**	**7.26**		**3.93**	
BASF (10)	12/87	3.01	11.14	47.01	112.50	127.00	92.50	68.44	16.44	20.00	1.78	1 : 2
Bayer (100)	12/87	16.22	11.18	168.93	357.50	370.00	145.00	27.13	13.18	16.00	4.48	1 : 1
Cam & All (100)	12/87	2.60	4.88	287.69	132.50	162.50	122.50	35.00	3.79	18.00	13.58	82 1 : 3
Chloride (10)	08/86	12.91	16.22	22.56	65.00	80.00	60.00	69.48	9.36	31.00	4.77	3 : 5
Citurgia (10)	03/87	5.25	7.05	23.43	72.50	74.00	60.00	46.29	15.66	22.00	3.03	
Deepak Nit (10)	10/87	2.43	4.00	26.46	38.00	44.00	29.00	39.92	9.52	15.00	3.95	86 1 : 2
Gujarat Alk (10)	03/87	17.48	29.77	27.03	46.50	48.00	29.50	17.33	26.83	26.00	5.59	85 1 : 5
Gujarat Petro (10)	05/87	3.82	1.00	12.62	26.00	33.00	12.50	35.34	7.36	12.50	4.81	
Herdillia (10)	06/87	7.35	17.03	33.17	54.50	54.50	39.00	60.41	9.02	21.00	3.85	
Hico Prod (10)	12/87	3.30	4.64	24.06	18.00	25.00	13.00	24.24	7.42	10.00	5.56	
IEL (10)	09/87	40.87	72.49	27.74	33.50	44.00	30.00	12.36	27.11	12.50	3.73	1 : 3
Ind Oxygen (10)	09/87	14.60	13.72	19.40	33.50	40.50	28.50	21.58	15.53	16.00	4.78	1 : 3
Indrol (10)	06/87	5.09	9.41	28.49	166.25	215.00	81.25	56.78	29.28	20.00	1.20	1 : 1
ION Exch (10)	03/86	1.15	1.15	20.00	50.00	112.50	47.50	95.65	5.23	20.00	4.00	3 : 5
Max India (10)	09/86	2.00	0.28	11.40	37.00	45.00	32.00	46.00	8.04	15.00	4.05	
Modi Alkalies (10)	04/87	11.66	0.16	10.14	5.00	7.50	3.00	542.28	0.09	0.00	0.00	
Nat Perox (100)	03/87	2.30	7.97	446.52	6.00	128.00	6.00	110.43	0.05	30.00	5.00	
Nocil (100)	12/87	3.60	5.56	254.44	450.00	525.00	390.00	48.06	9.36	20.00	4.44	86 1 : 2
PIL (100)	12/87	28.96	14.00	148.34	600.00	615.00	293.04	52.31	11.47	28.00	4.67	1 : 2
Punjab Alk (10)	06/87	10.25	0.21	10.20	7.50	10.00	5.75	- 14.73	0.00	0.00	0.00	
Syn & Chem (100)	03/87	5.81	4.37	175.22	35.00	39.00	29.50	20.83	1.68	15.00	42.86	
Tata Chem (10)	03/87	27.19	102.12	47.56	69.50	78.00	59.00	83.12	8.36	25.00	3.60	85 2 : 5
Tuti Alkalies (10)	12/86	12.93	0.00	10.00	15.50	20.00	11.00	- 5.41	0.00	0.00	0.00	
Vam Org (10)	04/87	5.16	11.72	32.71	88.00	101.00	75.00	69.96	12.58	25.00	2.84	84 3 : 5
CIGARETTES		**46.80**	**70.48**		**169.41***			**49.32**	**7.34**		**8.03**	
Godfrey Phil (10)	12/87	2.60	3.25	22.50	17.50	20.00	10.00	33.46	5.23	25.00	14.29	75 1 : 1
GTC (10)	06/87	5.00	9.32	28.64	14.00	16.00	12.00	39.40	3.55	25.00	17.86	1 : 4
ITC (10)	06/87	33.17	45.91	23.84	43.50	45.50	30.00	52.58	8.27	30.00	6.90	81 1 : 5
VST Ind (10)	09/87	6.03	12.00	29.90	22.50	31.50	19.00	46.43	4.85	29.00	12.89	77 3 : 5

Note: Eq: equity capital; Res: reserves; EPS: earnings per share; PE: price to earnings; Div: dividend; Yr: year;
*market capitalisation in Rs crores.

Company (Face value)	Year ended	Eq (Rs in crores)	Res	Book value (Rs.)	Market Price (Rs.) on 15.7.88	1988 High	Low	EPS (%)	PE (times)	Last div. (%)	Yield (%)	Last bonus Yr.Ratio
COMPUTERS		**9.85**	**8.85**		**52.01***			**28.22**	**18.71**		**5.08**	
ICIM (10)	12/87	4.13	5.25	22.71	27.00	40.50	23.00	9.20	29.34	16.00	5.93	
P.S.I. Data (10	06/86	1.34	0.57	14.25	10.75	25.50	10.50	18.66	5.76	17.00	15.81	0 : 0
Tata Unisys (10)	12/86	4.38	3.03	16.92	90.00	115.00	65.00	49.09	18.33	40.00	4.44	2 : 5
CONSTRUCTION		**18.72**	**66.78**		**94.61***			**56.18**	**7.76**		**3.83**	
Cemindia (10)	09/87	1.28	4.79	47.42	88.00	117.50	85.00	101.56	8.66	27.00	3.07	84 3 : 5
Gammon (10)	07/87	2.16	13.43	72.18	66.00	92.00	31.00	16.20	40.73	15.00	2.27	82 2 : 5
Hind-Dorr-Ol (10)	11/87	2.37	10.80	55.57	127.50	212.50	120.00	161.60	7.89	37.50	2.94	86 1 : 1
Hind Const (10)	07/87	6.30	17.11	37.16	10.00	10.00	4.00	- 30.95	0.00	15.00	15.00	83 1 : 1
SAE (10)	12/87	1.80	10.51	68.39	127.50	173.75	125.00	227.78	5.60	25.00	1.96	83 1 : 1
W.I.E. (10)	09/87	4.81	10.14	31.08	20.00	26.00	18.00	56.13	3.56	16.00	8.00	1 : 1
COSME & TOILET		**134.11**	**140.12**		**1183.86***			**52.44**	**16.83**		**3.44**	
Colgate (10)	12/86	15.72	6.37	14.05	210.00	222.50	168.75	63.23	33.21	52.00	2.48	1 : 1
Hind Lever (10)	12/87	93.32	90.17	19.66	68.50	74.50	31.00	49.82	13.75	25.00	3.65	1 : 1
Lakme (10)	06/87	1.83	5.81	41.75	75.00	95.00	59.75	51.91	14.45	25.00	3.33	85 2 : 5
Oswal Agro (10)	06/87	11.02	10.96	19.95	89.50	89.50	50.00	73.05	12.25	50.00	5.59	
Ponds (10)	06/87	5.88	8.60	24.63	148.75	178.50	132.50	61.39	24.23	40.00	2.69	84 1 : 1
Tomco (25)	03/87	6.34	18.21	96.81	58.00	86.00	58.00	20.35	11.40	15.00	6.47	81 2 : 5
COTT & WOL TEXT		**92.70**	**282.01**		**471.96***			**67.35**	**7.56**		**2.95**	
Ahm Calico (125)	06/87	13.56	16.43	276.46	29.00	41.00	25.00	134.66	0.17	0.00	0.00	77 1 : 7
Bom Dyeing (10)	03/87	11.24	40.01	45.60	102.50	159.50	94.00	49.29	20.80	14.70	1.43	79 1 : 1
Khatau Spg (100)	12/86	3.37	7.01	308.01	85.00	115.00	65.00	19.88	4.28	10.00	11.76	79 1 : 2
Madura Cots (10)	06/87	21.81	33.74	25.47	71.00	75.00	58.00	41.36	17.17	25.00	3.52	86 1 : 2
Mafat Fine (100)	03/87	6.48	16.38	352.78	155.00	300.00	145.00	41.36	3.75	17.00	10.97	
Mafat Ind (125)	03/87	8.10	40.71	753.24	220.00	250.00	210.00	79.88	2.20	1.76	1.00	78 1 : 5
Morarjee (10)	06/87	4.20	10.02	33.86	190.00	220.00	190.00	42.62	44.58	15.00	0.79	81 1 : 2
Raymond (10)	03/87	11.24	53.80	57.86	49.75	51.00	43.00	101.16	4.92	25.00	5.03	82 1 : 1
Shri Dinesh (100)	06/87	1.65	11.34	787.27	550.00	650.00	475.00	106.67	5.16	1.70	0.31	3 : 5
Stan Mills (100)	12/86	11.05	32.57	394.75	242.50	300.00	190.00	44.07	5.50	16.00	6.60	82 2 : 5
DIVERSIFIED		**230.13**	**694.43**		**1346.97***			**40.73**	**13.80**		**4.35**	
Ahmed Adv (100)	06/86	3.46	3.18	191.91	192.50	225.00	0.00	32.95	5.84	0.00	0.00	81 1 : 3
Century (100)	12/87	26.62	126.63	575.69	862.50	870.00	680.00	59.88	14.40	24.00	2.78	2 : 3
D.C.M. (10)	06/87	23.02	52.94	33.00	43.05	47.50	28.50	2.13	202.01	80.00	18.60	
EID-Parry (10)	06/87	6.28	5.12	18.15	31.80	38.50	30.75	28.66	11.09	15.00	4.72	0 : 0
Escorts (10)	12/86	21.40	54.35	35.40	49.00	54.50	36.50	35.05	13.98	22.00	4.49	3 : 5
Forbs Camp (10)	06/87	4.25	4.59	20.80	27.00	35.00	24.00	32.00	8.44	20.00	7.41	82 2 : 5
Hind Devel (10)	12/87	8.40	82.99	108.80	100.00	107.00	64.00	61.19	16.34	20.00	2.00	1 : 1
Hind Allwyn (10)	07/87	18.51	10.86	15.87	9.50	12.00	7.50	16.15	5.88	15.00	15.79	
Kesoram (10)	03/88	8.85	52.00	68.76	45.50	51.50	33.50	4.07	111.85	23.50	5.16	80 1 : 2
L & T (10)	09/87	51.99	149.70	38.79	94.50	101.50	78.50	53.14	17.78	20.00	2.12	3 : 5
Lohia (10)	10/86	13.50	8.64	16.40	16.00	20.00	7.75	34.74	4.61	20.00	12.50	80 4 : 5
Mac & Mag (10)	06/86	2.74	8.56	41.24	45.00	47.75	43.75	16.42	27.40	7.00	1.56	
Modi Indu (10)	09/86	2.17	12.66	68.34	42.50	88.00	39.00	162.67	2.61	12.00	2.82	1 : 5
Rallis (100)	05/87	5.64	20.72	467.38	75.00	90.00	50.00	103.55	0.72	3.00	4.00	77 3 : 10
Reck & Col (10)	01/88	4.19	13.30	41.74	212.50	224.00	44.50	130.55	16.28	30.00	1.41	85 1 : 1
Straw Prod (10)	12/87	10.14	34.65	44.17	39.25	41.00	31.00	40.34	9.73	20.00	5.10	72 1 : 2
Texmaco (10)	12/86	1.87	11.06	69.14	24.00	24.00	17.00	- 208.56	0.00	0.00	0.00	
Voltas (100)	08/87	9.78	27.62	382.41	292.50	295.00	230.00	70.04	4.18	16.00	5.47	81 1 : 4
Zenith (10)	06/87	7.32	14.86	30.30	45.00	52.00	36.00	32.38	13.90	30.00	6.67	79 1 : 4
DYESTUFFS		**16.77**	**26.98**		**53.53***			**37.83**	**8.62**		**6.58**	
Coates (10)	10/87	1.33	2.99	32.48	52.50	70.00	0.00	87.22	6.02	22.00	4.19	1 : 5
Col-Chem (100)	03/87	7.94	10.84	236.52	395.00	420.00	320.00	42.44	9.31	27.50	6.96	2 : 5
Ind Dyes (100)	03/87	7.50	13.15	275.33	202.50	290.00	195.00	22.40	9.04	14.00	6.91	80 1 : 4
ELECTRICALS		**95.00**	**191.27**		**343.69***			**29.16**	**11.58**		**4.19**	
Asea (10)	12/86	3.00	4.18	23.93	51.00	68.00	33.00	16.67	30.60	15.00	2.94	80 1 : 3
Asian Cab (100)	12/86	3.03	5.00	265.02	39.75	50.50	28.00	42.24	0.94	17.00	42.77	81 1 : 3
Best & Crom (10)	12/86	4.50	17.45	48.78	36.50	38.00	29.50	20.22	18.05	15.00	4.11	82 3 : 5
Eng Elec (10)	03/87	4.50	17.83	49.62	61.50	66.00	7.50	87.33	7.04	27.50	4.47	1 : 1
GEC (10)	03/87	7.20	16.94	33.53	38.00	43.50	26.00	24.17	15.72	10.00	2.63	72 2 : 1
Genelec (10)	06/86	2.16	4.06	28.80	55.50	95.00	46.00	90.28	6.15	25.00	4.50	84 1 : 1
Hind Brown (100)	04/87	10.07	11.26	211.82	410.00	410.00	265.00	18.17	22.56	16.00	3.90	78 1 : 3
Math & Platt (10)	06/87	10.68	4.39	14.11	49.00	82.50	46.50	36.70	13.35	20.00	4.08	1 : 1
Punj Anand (10)	09/86	1.19	22.00	194.87	4.50	8.00	4.00	- 170.59	0.00	5.10	11.33	
Siemens (10)	09/87	13.50	33.08	34.50	69.00	78.00	56.00	38.52	17.91	16.00	2.32	1 : 4
Stand Batt (100)	06/86	1.02	5.28	617.65	500.00	500.00	500.00	52.94	9.44	10.00	2.00	70 1 : 5
Uni Carb (10)	12/86	32.58	37.21	21.42	14.40	15.25	11.80	20.99	6.86	12.00	8.33	80 1 : 2
W.S. Insul (10)	09/85	1.57	12.59	90.19	28.00	28.00	10.00	69.43	4.03	18.00	6.43	
ELECTRICITY		**71.50**	**386.94**		**131.41***			**80.84**	**2.27**		**8.09**	
Ahmed Elec (100)	03/87	15.24	64.75	524.87	140.00	140.00	3.46	55.64	2.52	16.00	11.43	1 : 5
Andh Valley (100)	03/86	9.32	25.72	375.97	168.50	170.00	140.00	19.10	8.82	16.00	9.50	75 1 : 9
B.S.E.S. (100)	03/87	5.85	62.09	1161.37	177.50	180.00	93.00	123.08	1.44	2.00	1.13	81 1 : 3
Cal Elec (10)	03/87	16.94	62.16	46.69	17.00	18.50	12.50	55.96	3.04	16.00	9.41	1 : 5
Tata Hydro (100)	03/86	6.55	18.38	380.61	177.50	200.00	140.00	18.63	9.53	16.00	9.01	75 1 : 12
Tata Power (100)	03/87	17.60	73.84	519.55	247.50	255.00	176.25	168.41	1.47	16.00	6.46	75 1 : 54
ELECTRONICS		**50.62**	**66.95**		**117.58***			**26.77**	**8.88**		**3.48**	
Gramophone (10)	09/87	4.37	0.86	11.97	4.25	5.87	4.00	135.01	0.31	0.00	0.00	76 3 : 1
Nelco (100)	12/87	6.62	0.30	104.53	105.00	150.00	60.00	11.18	9.39	0.00	0.00	
Peico (10)	12/87	33.32	53.59	26.08	29.00	35.50	22.00	12.09	23.98	10.00	3.45	82 1 : 5
Samtel (10)	10/87	2.00	6.45	42.25	37.00	57.50	12.12	132.00	2.80	25.00	6.76	1 : 3
Usha Rect (10)	12/87	4.31	5.75	23.34	11.00	19.00	11.00	5.57	19.75	6.00	5.45	83 7 : 8
ENGINEERING		**171.19**	**298.37**		**821.07***			**38.03**	**12.83**		**2.03**	
Alfa Laval (10)	12/87	5.21	15.05	38.89	62.50	74.00	47.00	53.74	11.63	18.00	2.88	86 1 : 2
Andrew Yule (10)	03/87	9.41	22.81	34.24	16.50	24.00	16.50	27.21	6.07	10.00	6.06	67 2 : 5
Atlas Copco (10)	12/87	7.25	8.63	21.90	48.00	59.00	34.00	16.41	29.24	16.00	3.33	1 : 2
Avery India (10)	12/87	4.20	9.34	32.24	103.00	131.00	93.00	85.71	12.02	35.00	3.40	2 : 5
C.P. Tools (100)	01/87	4.57	7.57	265.65	470.00	820.00	450.00	50.77	9.26	18.00	3.83	82 1 : 1
Elecon Engg (10)	12/87	5.65	24.84	53.96	47.00	47.00	16.50	46.02	10.21	15.00	3.19	3 : 5
Facit Asia (10)	06/86	1.91	2.17	21.36	36.00	80.00	32.00	45.55	7.90	15.00	4.17	86 2 : 5

Note: Eq: equity capital; Res: reserves; EPS: earnings per share; PE: price to earnings; Div: dividend; Yr: year;
*market capitalisation in Rs crores.

Company (Face value)	Year ended	Eq (Rs in crores)	Res	Book value (Rs.)	Market Price (Rs.) on 15.7.88	1988 High	1988 Low	EPS (%)	PE (times)	Last div. (%)	Yield (%)	Last bonus Yr.Ratio
lakt (10)	12/87	3.40	21.30	72.65	50.00	63.75	50.00	43.53	11.49	20.00	4.00	1 : 3
SKW (10)	12/86	24.06	20.60	18.56	7.50	10.10	6.25	2.16	34.70	5.00	6.67	83 1 : 3
AEC (10)	01/88	1.11	0.31	12.79	5.50	19.50	5.00	- 299.10	0.00	12.00	21.82	85 3 : 5
nd Sewing (10)	06/86	2.00	7.43	47.15	49.00	56.25	43.00	327.00	1.50	20.00	4.08	
nger Rand (10)	12/86	7.90	13.25	26.77	260.00	335.00	215.00	97.09	26.78	25.00	0.96	85 1 : 1
elvinator (10)	06/87	3.56	19.61	65.24	67.00	69.00	35.00	72.11	9.29	15.00	2.24	84 1 : 1
irl Cumm (100)	09/87	26.40	37.16	240.76	56.50	59.00	24.00	38.07	1.46	2.00	3.60	1 : 1
irl Oil (10)	06/87	5.75	11.55	30.09	19.00	19.00	13.00	59.83	3.18	12.50	6.58	3 : 7
irl Pneu (10)	09/87	3.85	3.36	18.73	31.50	36.50	16.00	18.44	17.08	12.50	3.97	
SB Pumps (10)	12/87	4.35	11.98	37.54	265.00	425.00	215.00	123.45	21.47	20.00	0.75	86 1 : 1
etalbox (10)	03/87	14.66	6.68	14.55	5.25	7.00	4.50	9.60	5.47	0.00	0.00	
odi Xerox (10)	04/87	17.46	0.00	10.00	34.50	37.50	21.50	8.31	41.52	0.00	0.00	
tis (10)	11/87	5.04	9.61	29.07	185.00	215.00	162.50	75.79	24.41	25.00	1.35	85 1 : 1
em Rand (10)	03/87	2.67	3.77	24.12	28.00	29.00	24.00	35.58	7.87	18.00	6.43	1 : 2
andvik (100)	12/86	5.77	5.13	188.91	600.00	740.00	600.00	27.90	21.50	2.00	0.33	84 1 : 1
ata Robins (10)	03/88	2.01	3.77	28.76	32.00	45.00	29.00	53.73	5.96	18.00	5.62	77 1 : 4
alchand (10)	09/87	3.00	2.45	18.17	9.00	12.00	9.00	13.33	6.75	16.00	17.78	82 1 : 2
ERTILISERS		**217.03**	**424.71**		**1110.58***			**65.14**	**7.86**		**5.01**	
oromandel (10)	03/87	24.32	38.31	25.75	27.00	35.00	21.00	41.86	6.45	80.00	29.63	1 : 2
eepak Fert (10)	12/86	11.50	5.32	14.63	32.00	45.00	23.00	58.78	5.44	15.00	4.69	
haram Mor (50)	12/87	6.42	9.77	25.22	21.65	25.00	14.00	12.77	16.95	10.00	4.62	2 : 5
NFC (10)	06/86	88.99	93.05	20.46	44.00	51.00	26.50	71.93	6.12	18.00	4.09	
SFC (10)	12/87	26.95	149.15	65.34	127.00	140.00	93.50	129.87	9.78	30.00	2.36	3 : 10
angal Fert (10)	12/86	12.42	13.87	21.17	23.00	34.00	15.50	87.44	2.63	12.00	5.22	
PIC (10)	12/87	34.00	67.09	29.73	46.25	60.00	22.75	14.91	31.02	15.00	3.24	86 1 : 1
uari Agro (10)	12/86	12.43	48.15	48.74	60.00	67.00	34.00	69.75	8.60	25.00	4.17	
OOD PRODUCTS		**67.71**	**115.14**		**680.26***			**81.91**	**12.27**		**2.97**	
ritannia (10)	11/87	12.38	20.97	26.94	88.00	91.00	80.00	63.73	13.81	24.00	2.73	2 : 5
orn Prod (10)	09/87	0.75	1.01	23.47	27.50	42.50	23.00	22.67	12.13	14.00	5.09	14 : 9
ood Special (10)	12/87	19.20	19.62	20.22	122.50	138.75	52.50	55.57	22.04	25.00	2.04	1 : 1
ind Cocoa (10)	06/87	8.40	7.47	18.89	76.25	91.25	18.12	53.10	14.36	30.00	3.93	1 : 1
MM (10)	04/87	14.18	8.12	15.73	127.50	145.00	66.25	149.44	8.53	55.00	4.31	1 : 1
cDowell (10)	06/87	6.40	42.05	75.70	83.25	92.50	72.00	109.22	7.62	15.00	1.80	86 1 : 1
ilk Food (10)	12/86	1.14	3.75	42.89	127.50	135.00	75.00	91.23	13.98	15.00	1.18	1 : 1
kol Brew (10)	06/87	1.26	2.62	30.79	47.50	54.00	45.00	65.87	7.21	20.00	4.21	82 2 : 5
nited Brew (10)	06/87	4.00	9.53	33.82	38.50	40.75	36.50	55.50	6.94	15.00	3.90	1 : 1
RON & STEEL		**165.88**	**483.18**		**1134.42***			**71.17**	**09.61**		**3.02**	
ihar Alloy (10)	12/87	7.60	10.90	23.97	17.00	20.00	12.25	15.26	11.14	0.00	0.00	
itata (10)	12/86	12.00	0.00	10.00	11.50	15.50	9.00	0.00	0.00	0.00	0.00	
ndal Iron (10)	09/87	1.80	0.22	11.22	15.00	15.50	8.50	2.78	54.00	10.00	6.67	
alyani Steel (10)	08/87	1.01	8.66	95.74	320.00	360.00	255.00	347.52	9.21	50.00	1.56	1 : 2
ah Ugine (10)	06/87	7.30	17.76	34.33	55.00	62.50	15.00	67.81	8.11	20.00	3.64	
ukand (10)	06/87	9.82	15.27	25.55	85.00	97.00	72.50	81.36	10.45	18.00	2.12	1 : 2
athi Alloys (10)	06/87	2.88	4.36	25.14	30.00	36.50	15.00	9.38	32.00	10.00	3.33	
pec Steel (100)	12/87	7.59	10.68	240.71	650.00	737.50	590.00	104.74	6.21	15.00	2.31	
isco (100)	03/88	115.68	415.33	459.03	770.60	907.50	570.75	79.66	9.67	25.00	3.25	2 : 5
EASING & FIN		**33.84**	**36.46**		**61.30***			**40.57**	**4.46**		**11.06**	
0th Cent (10)	11/86	6.34	10.86	27.13	26.00	28.50	16.00	59.78	4.35	27.00	10.38	85 2 : 5
ilco (10)	07/86	4.76	0.21	10.44	8.00	10.00	6.00	12.61	6.35	15.00	18.75	
irst Leas (10)	11/87	3.79	8.22	31.69	16.00	27.50	14.00	50.40	3.17	25.00	15.62	
azda Leas (10)	06/87	4.32	2.32	15.37	15.50	19.50	14.00	45.37	3.42	25.00	16.13	
agarju Fin (10)	09/86	2.44	1.92	17.87	12.00	13.00	10.50	54.92	2.19	23.00	19.17	
ress Leas (10)	09/86	2.46	1.86	16.75	7.75	10.00	7.00	50.41	1.54	23.00	29.68	
oes Mur (10)	06/87	3.73	3.29	18.82	14.50	16.00	10.50	46.65	3.11	26.00	17.93	
und Fin (10)	03/87	6.00	8.00	23.33	30.00	31.00	25.50	19.17	15.65	4.00	1.33	1 : 1
AINTS		**17.06**	**30.26**		**213.41***			**84.41**	**14.87**		**2.15**	
sian Paints (10)	12/87	12.44	32.88	36.43	155.00	167.50	135.00	100.80	15.38	30.00	1.94	1 : 2
arwa Paints (10)	06/87	1.32	2.09	25.83	21.00	25.50	21.00	25.00	8.40	15.00	7.14	81 1 : 4
ood Nerol (10)	06/86	3.24	4.38	23.52	55.00	65.00	34.00	45.68	12.04	20.00	3.64	78 5 : 7
APER		**42.83**	**130.77**		**132.27***			**46.44**	**7.64**		**5.67**	
ndh Paper (100)	06/86	5.62	11.25	300.18	67.50	80.00	60.00	43.24	1.56	16.00	23.70	80 1 : 4
alkrishna (10)	03/87	1.20	5.72	57.67	58.00	72.50	57.50	199.17	2.91	22.00	3.79	85 1 : 1
allarpur Ind (10)	06/87	13.98	65.70	57.00	44.00	46.00	33.00	35.26	12.48	22.00	5.00	81 1 : 5
hadrachal (10)	09/87	10.57	17.71	26.75	24.25	29.00	24.25	41.63	5.83	20.00	8.25	
rient (10)	03/87	11.46	30.39	36.52	30.00	74.00	24.25	27.66	10.85	10.00	3.33	1 : 2
ESTICIDES		**7.90**	**10.42**		**30.30***			**- 27.97**	**0.00**		**1.67**	
rcel Ind (10)	09/87	2.62	7.12	37.18	52.00	59.50	31.00	22.90	22.71	10.00	1.92	84 4 : 5
com (10)	09/87	1.28	3.18	34.84	178.75	195.09	130.00	170.31	10.50	30.00	1.68	1 : 1
olhro (10)	09/86	4.00	0.12	10.30	4.50	5.00	4.00	- 124.75	0.00	0.00	0.00	
HARMACEUTICALS		**150.75**	**240.90**		**1044.86***			**35.74**	**18.17**		**4.68**	
bbot Lab (10)	11/87	2.25	1.62	17.20	40.00	53.00	39.00	- 8.89	0.00	0.00	0.00	
lembic Ch (100)	12/87	2.57	0.28	110.89	163.75	180.00	135.00	30.35	5.40	15.00	9.16	
mbalal Sar (10)	06/86	22.20	2.53	11.14	12.75	16.00	10.16	45.72	2.79	0.00	0.00	81 1 : 5
stra Idl (10)	06/87	2.50	2.24	18.96	28.00	35.00	27.00	27.20	10.29	10.00	3.57	
oehringer (10)	04/87	1.00	1.15	21.50	57.50	62.50	46.00	- 21.00	0.00	10.00	1.74	
oots (10)	12/86	8.10	4.93	16.09	96.00	117.00	63.00	38.15	24.90	32.00	3.37	1 : 1
urroughs (10)	08/87	3.00	11.76	49.20	152.50	170.00	104.00	39.33	38.77	15.00	0.98	84 2 : 1
Merck (10)	12/87	5.94	5.04	18.48	59.00	59.00	3.98	22.22	26.55	16.00	2.71	3 : 5
kayef (10)	12/87	12.36	30.44	34.65	155.00	220.50	145.00	87.77	17.66	220.00	14.19	
erman Rem (10)	12/87	3.26	4.82	25.09	60.50	63.00	30.00	28.53	21.21	10.00	1.65	82 3 : 5
laxo (10)	06/86	20.00	26.48	23.24	60.50	71.00	58.50	14.75	41.02	18.00	2.98	80 1 : 3
nd Ciba (100)	12/87	17.71	31.79	279.50	480.00	520.00	332.50	38.17	12.58	20.00	4.17	80 1 : 2
oechst (100)	12/87	9.57	25.36	364.99	500.00	610.00	440.00	18.39	27.19	10.00	2.00	82 1 : 2
yant Vit (10)	08/87	3.86	3.87	19.97	34.00	40.00	9.44	19.33	17.59	21.00	6.18	2 : 5
ay & Baker (10)	12/87	4.50	6.38	24.18	47.00	52.00	33.00	31.78	14.79	10.00	2.13	
erind (10)	12/86	1.80	1.71	19.50	30.50	38.00	28.00	9.44	32.29	10.00	3.28	
cholas Lab (10)	06/87	1.46	1.63	21.16	58.00	58.00	42.00	17.61	32.57	18.00	3.10	
arke Davis (10)	11/86	3.36	3.79	21.28	36.00	41.00	33.00	37.80	9.26	25.00	7.14	
Pfizer (10)	11/87	14.06	22.67	26.12	62.00	79.00	55.50	2.28	272.41	10.00	1.61	77 4 : 5
Ranbaxy (10)	12/87	3.43	12.23	45.66	76.25	163.50	75.50	74.93	10.18	20.00	2.62	80 1 : 1
Rich Hind (10)	06/87	3.71	6.50	27.52	270.00	305.00	255.00	101.89	26.50	45.00	1.67	85 1 : 2
Sandoz (10)	12/87	5.30	19.68	47.13	68.00	80.00	59.00	23.21	29.30	16.00	2.35	84 2 : 7
Searle (10)	12/87	3.47	14.56	51.96	130.00	147.50	90.00	80.40	16.17	20.00	1.54	86 1 : 1
Unichem (100)	09/87	1.35	4.83	457.78	35.00	36.00	10.66	43.70	0.80	2.00	5.71	1 : 2
Warner Hind (10)	11/86	2.98	3.41	21.44	42.50	90.00	40.00	63.76	6.67	25.00	5.88	3 : 10
PLASTICS		**19.61**	**39.05**		**97.43***			**43.04**	**11.54**		**3.03**	
Bajaj Plas (10)	12/87	1.50	4.94	42.93	23.00	29.00	21.00	12.00	19.17	20.00	8.70	86 1 : 1
Bake Hylam (10)	06/87	4.50	8.21	28.24	26.50	27.50	15.00	23.78	11.14	16.00	6.04	80 2 : 3
Garwa Plas (10)	06/87	5.81	15.34	36.40	79.00	88.00	72.00	75.73	10.43	20.00	2.53	
Sup Indus (100)	06/87	1.80	5.30	394.44	1525.00	2050.00	1525.00	106.67	14.30	3.00	0.20	4 : 5
V.I.P. Ind (10)	07/87	6.00	5.26	18.77	14.50	22.00	12.75	14.50	10.00	12.00	8.28	0 : 0
SHIPPING		**113.83**	**64.26**		**227.33***			**39.76**	**5.02**		**6.34**	
Dempo St (100)	06/85	2.00	- 9.83	- 391.50	5.00	65.00	5.00	0.00	0.00	0.00	0.00	
Essar Ship (10)	12/87	35.35	38.00	20.75	18.50	26.50	15.50	22.07	8.38	20.00	10.81	
Great East (10)	06/87	51.73	29.01	15.61	28.85	33.75	21.25	13.15	21.95	12.50	4.33	83 2 : 3
India Steam (10)	03/87	5.81	3.77	16.49	7.00	8.40	4.15	20.83	3.36	15.00	21.43	
Scindia (10)	06/86	18.94	3.31	11.75	4.50	5.00	1.50	155.49	0.29	0.00	0.00	3 : 10
SYNTHETIC TEXT		**203.49**	**560.11**		**1788.06***			**15.20**	**31.13**		**2.31**	
Baroda Ray (100)	06/87	12.14	18.84	255.19	242.50	282.50	155.00	- 46.71	0.00	18.00	7.42	82 1 : 2
Bharat Com (10)	12/85	3.75	4.90	23.07	17.00	19.00	0.00	17.07	9.96	0.00	0.00	82 1 : 2
Cen Enka (100)	12/87	16.62	65.10	491.70	1457.50	1465.00	771.00	84.30	17.29	38.00	2.61	85 1 : 2
Garware Nyl (10)	08/87	9.72	13.30	23.68	41.00	43.00	20.00	2.78	147.60	15.00	3.66	82 1 : 2
Grasim (10)	12/87	3.00	4.78	25.93	104.50	108.50	82.50	65.33	15.99	21.00	2.01	
Indian Rayon (10)	06/87	6.87	42.75	72.23	71.50	75.00	46.00	65.79	10.87	28.00	3.92	80 1 : 4
IOC (10)	08/87	12.46	15.13	22.14	22.00	27.00	15.00	- 89.17	0.00	15.00	6.82	85 1 : 2
J.K. Synth (10)	03/87	25.25	36.90	24.61	62.00	74.00	44.50	- 9.50	0.00	10.00	1.61	83 1 : 3
Nat Ray (100)	06/87	6.01	5.39	189.68	80.00	100.00	40.00	- 121.96	0.00	0.00	0.00	72 1 : 4
Nirlon (10)	09/86	10.46	13.04	22.47	10.00	16.00	5.00	25.81	3.87	22.50	22.50	82 1 : 2
Orkay (10)	03/87	24.02	44.93	28.71	28.50	50.50	17.00	32.68	8.72	20.00	7.02	
Reliance (10)	12/86	51.61	254.12	59.24	200.00	231.00	70.00	27.46	72.84	25.00	1.25	83 3 : 5
S.I. Viscose (100)	03/87	7.35	12.31	267.48	317.50	370.00	205.00	79.73	3.98	20.00	6.30	
Shriram Fib (10)	09/87	10.33	22.70	31.97	53.00	61.00	33.00	27.20	19.48	18.00	3.40	83 1 : 2
Swad Poly (10)	09/85	3.90	5.92	25.18	30.00	40.00	22.00	67.95	4.42	25.00	8.33	
TEA		**120.73**	**273.76**		**953.89***			**65.06**	**12.14**		**3.73**	
Assam Co (10)	06/85	7.00	10.12	24.46	107.50	118.00	97.00	143.43	7.50	32.50	3.02	85 1 : 1
Assam Front (10)	06/86	3.00	4.93	26.43	114.50	121.00	85.00	50.67	22.60	30.00	2.62	
Bom Burm (100)	09/87	5.52	14.31	359.24	380.00	490.00	360.00	38.77	9.80	2.00	0.53	78 1 : 4
Brooke Bond (10)	06/87	24.52	22.90	19.34	85.00	95.00	74.50	58.74	14.47	30.00	3.53	87 3 : 5
Dom Dooma (10)	12/86	5.60	17.89	41.95	60.00	72.00	44.50	50.18	11.96	40.00	6.67	84 1 : 1
Dun Agro (100)	12/86	2.03	14.11	795.07	165.00	172.00	5.61	92.12	1.79	15.00	9.09	1 : 2
George Will (10)	06/87	6.30	17.72	38.13	105.50	122.00	90.00	75.71	13.93	35.00	3.32	85 4 : 5
Goodrickes (10)	06/87	7.20	18.25	35.35	88.00	104.00	25.00	86.39	10.19	20.00	2.27	1 : 1
Harrison Mal (10)	03/87	6.50	15.42	33.72	52.00	53.00	10.01	60.92	8.54	25.00	4.81	2 : 5
Jayashree (10)	03/86	6.15	41.00	76.67	37.50	45.00	32.00	12.20	30.75	13.00	3.47	85 1 : 2
Lipton (10)	06/87	15.75	8.19	15.20	61.50	66.50	52.00	40.00	15.38	20.00	3.25	
McLeod Russ (10)	06/87	6.25	17.13	37.41	91.50	130.50	90.00	80.64	11.35	45.00	4.92	1 : 1
Tata Tea (10)	12/87	12.20	54.82	54.93	135.50	145.00	105.00	90.49	14.97	45.00	3.32	79 1 : 3
Tea Estates (10)	06/87	8.80	7.77	18.83	55.00	103.00	48.50	37.61	14.62	45.00	8.18	85 1 : 1
Warren Tea (10)	03/87	3.90	9.20	33.59	60.00	65.00	52.00	112.05	5.35	22.50	3.75	85 1 : 5
TRADING		**26.91**	**51.42**		**118.17***			**75.59**	**5.81**		**5.01**	
Batliboi (10)	09/86	2.79	4.42	25.84	14.00	16.00	12.00	15.77	8.88	15.00	10.71	0 : 0
Blow Plast (10)	07/87	2.00	3.60	28.00	35.00	62.50	28.00	162.00	2.16	30.00	8.57	83 2 : 3
Blue Star (10)	06/87	3.55	7.32	30.62	38.00	51.25	36.00	71.83	5.29	16.00	4.21	86 3 : 5
Grea Cott (100)	06/87	6.57	18.42	380.37	450.00	460.00	40.00	86.76	5.19	2.00	0.44	77 1 : 2
Shaw Wal (10)	06/87	12.00	17.66	24.72	53.50	63.50	52.00	70.08	7.63	35.00	6.54	81 1 : 2
TYRES & TUBES		**71.54**	**156.00**		**412.84***			**73.98**	**7.86**		**3.51**	
Apollo Tyres (10)	10/86	7.75	0.65	10.84	26.00	36.50	25.50	120.13	2.16	0.00	0.00	
Ceat (100)	06/87	9.32	33.38	45.82	60.00	88.00	55.00	131.97	4.55	25.00	4.17	86 1 : 2
Dunlop (10)	03/87	18.99	50.10	36.38	76.50	83.00	71.00	70.98	10.78	22.50	2.94	
Goodyear (10)	12/87	7.48	24.67	42.98	54.00	79.00	54.00	82.22	6.57	30.00	5.56	77 2 : 5
J.K. Ind (10)	06/87	13.76	3.09	12.25	26.00	38.00	23.50	33.07	7.86	15.00	5.77	
Modi Rubber (10)	04/87	10.38	29.36	38.29	49.00	60.00	43.00	41.33	11.86	25.00	5.10	86 2 : 5
MRF (10)	09/86	3.86	14.75	48.21	166.50	180.00	131.00	73.83	22.55	25.00	1.50	75 1 : 2
MISCELLANEOUS		**101.25**	**187.64**		**484.77***			**51.34**	**9.33**		**3.65**	
Bata (10)	12/87	10.50	17.17	26.35	63.00	75.00	4.06	38.67	16.29	15.00	2.38	1 : 1
Bharat Forge (10)	09/87	5.27	24.50	56.49	127.00	147.00	101.00	124.67	10.19	25.00	1.97	81 1 : 1
Consol Cof (10)	06/86	7.52	5.49	17.30	71.50	76.00	70.00	33.24	21.51	22.00	3.08	1 : 2
E.I. Hotels (10)	03/87	17.34	27.44	25.82	49.00	52.50	38.00	56.40	8.69	20.00	4.08	84 2 : 5
FGP. (10)	03/87	3.27	6.24	29.08	28.00	31.00	1.00	90.21	3.10	20.00	7.14	1 : 2
Hawk Cook (10)	09/87	1.84	1.92	20.43	19.50	20.00	15.00	23.37	8.34	20.00	10.26	81 3 : 5
Indag Rub (10)	06/86	2.75	- 0.17	9.38	14.50	17.50	12.00	2.55	56.96	0.00	0.00	
Ind Foils (10)	06/86	2.62	5.59	31.34	60.00	72.50	53.00	69.08	8.69	21.30	3.55	82 1 : 4
Ind Cards (10)	06/87	3.25	3.32	20.22	18.00	26.00	17.00	47.69	3.77	20.00	11.11	81 1 : 2
Ind Hotels (10)	03/87	7.85	34.72	54.23	105.00	115.00	95.00	81.27	12.92	30.00	2.86	82 2 : 5
Ind Photo (10)	12/87	0.50	2.02	50.40	62.50	85.00	60.00	148.00	4.22	20.00	3.20	82 1 : 1
Light Met Ind (10)	03/86	7.68	0.00	10.00	7.87	9.50	7.25	0.00	0.00	0.00	0.00	
Tata Press (10)	03/87	1.25	4.47	45.76	41.00	53.75	40.00	80.80	5.07	25.00	6.10	
Tinplate (10)	03/87	10.14	6.40	16.31	20.00	37.00	15.50	29.09	6.87	10.00	5.00	
Tube Inv (10)	12/87	5.73	21.52	47.56	27.00	28.00	21.00	70.51	3.83	20.00	7.41	85 1 : 3
United Diam (10)	06/85	1.63	1.80	21.04	6.00	13.00	4.25	45.40	1.32	25.00	41.67	
Widia (100)	12/87	3.66	10.75	393.72	727.50	750.00	675.00	61.75	11.78	16.00	2.20	85 1 : 1
Wimco (10)	12/86	8.45	14.46	27.11	17.25	24.00	14.00	48.99	3.52	18.00	10.43	70 1 : 5
Market total average		**3107.68**	**6634.81**		**16318.04***			**48.14**	**18.40**		**3.79**	

ote: Eq: equity capital; Res: reserves; EPS: earnings per share; PE: price to earnings; Div: dividend; Yr: year;
market capitalisation in Rs crores.

Note: Eq: equity capital; Res: reserves; EPS: earnings per share; PE: price to earnings; Div: dividend; Yr: year;
* market capitalisation in Rs crores.

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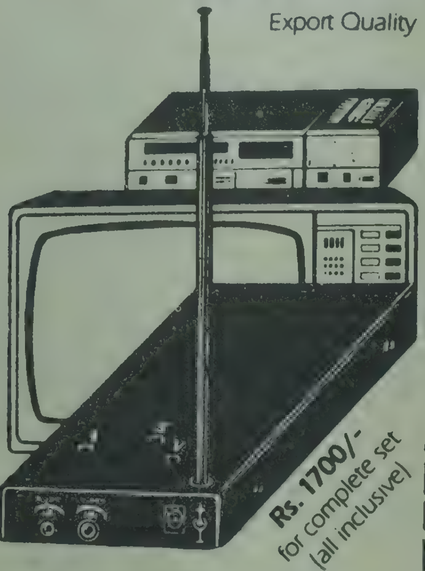

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DEBENTURES

Amount outstanding (Rs lacs)	Issue Price Rs	%	Description (Name of company)	Last Business done Rate	Last Business done Date	Yield %	Interest Due Date	Redemption date
140	100	13.5	Asea (New)	89.00	15.7.88	15.16	—	1990/91
522	64	13.5	Ashok Leyland A	53.75	11.7.88	16.07	31.3,30.9	1992/96
668	64	13.5	Ashok Leyland B	55.00	13.7.88	15.70	31.3,30.9	1996
1000	100	15.0	Ashok Leyland C	100.00	8.7.88	15.00	31.3,30.9	1997
10.40	160	13.5	Andhra Cement	125.00	15.7.88	17.28	31.3,30.9	—
409	100	15.0	Batliboi	92.50	14.7.88	16.21	30.4,31.10	1993/95
1000	200	13.5	Birla Jute	177.50	14.7.88	15.21	31.3,30.9	1992/96
400	120	13.5	Bombay Dyeing	108.75	23.3.88	14.89	31.3,30.9	1990
400	100	15.0	Blue Blend	95.00	14.7.88	15.78	31.3,30.9	1992/95
200	150	13.5	Dunlop	140.00	29.6.88	14.46	15.1,15.7	1990/97
600	50	13.5	EI Hotels Con	43.00	13.7.88	15.69	—	1989/92
248	45	13.5	Elecon Engg	41.00	14.7.88	14.81	30.6,31.12	1991/93
300	100	13.5	Essar Shipping	81.00	14.7.88	16.66	30.6,31.12	—
268	250	13.5	Ferro Alloys	216.00	11.7.88	15.62	30.6,31.12	1988/91
559	110	13.5	Ferro Alloys	92.50	14.7.88	16.05	30.6,31.12	1988/91
168	100	13.5	FGP	90.00	11.7.88	15.00	31.3,30.9	1990/92
600	100	13.5	Forbes Forbes	91.00	14.7.88	14.83	1.4,1.10	1994
2250	120	13.5	Grasim Ind	111.00	14.7.88	14.59	31.3	1990/94
350	350	13.5	Gujarat Steel	305.00	14.7.88	15.49	30.6,31.12	1990/92
700	140	13.5	Gujarat Alkali	133.75	14.7.88	14.13	27.2,31.8	1990/93
383	100	15.0	Hoechst	110.00	23.6.88	13.63	1.5,1.11	1991
1125	75	13.5	Indian Hotels	70.00	12.7.88	14.46	1.4,1.10	1991
800	80	12.0	Indian Rayon	70.00	14.7.88	13.71	30.6,31.12	1989/93
1600	112	13.5	Indian Rayon	100.00	14.7.88	15.12	30.6	1991/95
1875	120	13.5	J K Synthetics	107.50	14.7.88	15.06	31.3,30.9	1989/92
150	75	13.5	Jyoti	45.00	19.5.88	22.50	31.3,30.9	1989/91
360	60	13.5	L&T	60.00	17.6.88	13.50	30.4	1990/94
828	100	13.5	LML	75.00	5.7.88	18.00	30.4	1992/94
300	100	15.0	May & Baker	100.00	14.7.88	15.00	10.6,31.12	1990
438	125	13.5	Mukand	115.00	12.7.88	14.67	1.1,1.7	1992
480	400	12.0	Raymond Woll	360.00	14.7.88	13.33	1.4,1.10	1989/93
5333	100	13.5	Reliance 'E'	83.00	14.7.88	16.26	—	1994/96
2700	100	15.0	Reliance 'F'	100.50	14.7.88	14.92	28.2,31.8	1992
2000	200	13.5	Tata Steel	207.50	14.7.88	13.01	1.4,1.10	1992
200	150	13.5	Voltas	135.00	16.6.88	15.00	30.6,31.12	1991

No winners

Contestants have once again drawn a blank in IC-268. For several contests now readers have simply been unable to come up with a winner. While in previous contests they had to contend with a rising market this time all the six scrips either registered a sharp decline or moved up marginally. The sharp fall in Mico (from 622.50 to 565), Orkay (50.50 to 32.50) and SKF (from 1,325 to 1,270) upset their calculations.

How to enter

On the entry form given below are listed six popular scrips. All you have to do is to use your skills to predict the prices of each of these share as on 19 August 1988, and send in your entry by 9 August 1988. The winner in accordance with the rules printed below, will get a prize of Rs.5,000. In the event there is no winner, the prize will not be carried over.

Every issue of **Business India** will contain a new contest. The entry which has all six correct answers will receive a prize of Rs.5,000. If no such entry is received, the entry which has 5 out of 6 correct answers will receive the prize. In the event of there being more than one winner, the prize will be shared equally. We repeat, if there are no winners, the prize money will not be carried forward.

Rules:

1 There is no entry fee.

2 The list has been selected on the basis of what we consider are actively traded and interesting scrips on Indian stockmarkets.

3 The price mentioned last in the official quotation list of the stock exchange (if there is a series of such prices against the name of the share) will be taken as the correct answer. The official list of the particular stock exchange, which will be referred to, is given against the name of each scrip. If for some reason the stockmarket is either closed on 19 August 1988, or there are no transactions for the six scrips chosen below, then the quotations for the nearest working day prior to 19 August 1988, will be used.

4 Variation from the correct answers are permitted within a range that is specified against the scrip.

5 Entries must be on the printed form given below. Any other entries will be disqualified.

6 Only one entry will be permitted per form.

7 Envelopes sent in should be marked Investor Contest. All entries must be received at **Business India,** Wadia Building, 17/19 Dalal Street, Bombay 400 001, by 5 pm, Tuesday, 9 August 1988.

8 **Business India** is not responsible for non-receipt of entries.

9 **Business India's** decision on the winning entries will be final and binding, and no correspondence in this regard will be entertained.

10 The contest is open to residents of India only. No employee (or any direct relation of any employee) of the **Business India** group of publications is entitled to enter the contest.

Name of scrip	Stockmarket official list to be used for comparing results	Prices as on Friday, 15 July 1988 (Rs)	Variations permitted from correct prices upto (Rs)	Prices as on Friday, 19 August 1988 (Please fill) (Rs)
Century Textiles	Bombay	862.50	2.50	
Essar Shipping	Bombay	18.50	1.00	
Hind Lever	Bombay	68.50	1.50	
Mah & Mah	Bombay	57.00	1.50	
MICO	Bombay	570.00	2.50	
Reliance	Bombay	200.00	2.00	

Name:

Address:

Age:

Profession:

Date:

IC271

The master touch

G. Raj Narayan *combines his expertise in engineering and music to create electronic musical instruments of a special type*

An A-grade flautist for All India Radio, Bangalore, G. Raj Narayan often wished he could summon an accompanist whenever he wanted to. The urge to practise sometimes hit him late at night and getting an accompanist at such an odd hour was out of the question.

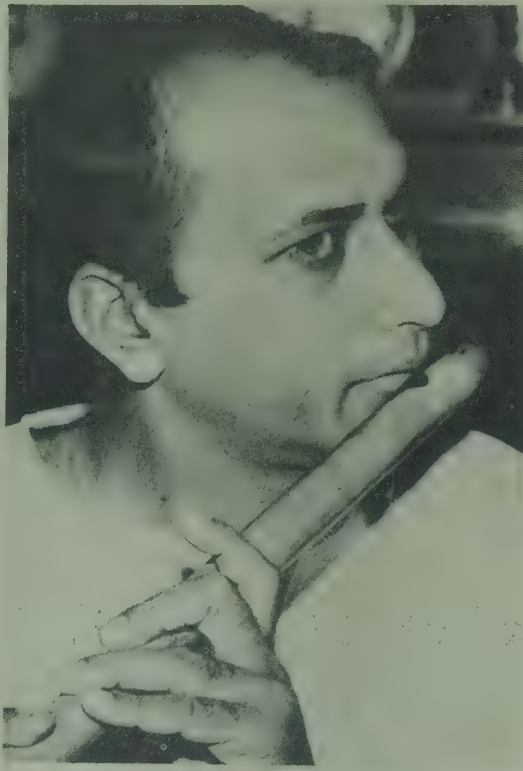
The indispensability of an accompanist needs to be explained. Carnatic music requires that *tala* (rhythm) to be marked by the tapping of the vocalist's hand. An instrumentalist like, a flautist, with both hands occupied, needs another person to provide this. Hindustani musicians are even more dependent on others; *tala* is marked not by the hand but by the tabla player's *theka* (rhythm sound), essential for recognising the *tala* cycles. Another essential accompanying instrument is the *tanpura* which provides *sur* (drone).

Narayan is probably not the first musician to wish he had an accompanist on call. But unlike others, he was technically equipped to think of a solution. For, besides being a superb musician, he was also an engineer; in 1970, he had received an M.Tech from IIT, Madras. And while involved in R&D at Hindustan Aeronautics Ltd, he had made a cockpit simulator for the IAF.

So, combining his musical skills and his engineering knowledge, he designed an electronic sruti box (named the Surpeti) which provided a drone steadily and without variation. This was a simple invention and he went on to make an electronic stringed version that included the plucked string sound the *tanpura* makes in sequence (given the name *Saarang*). It was received well by travelling artistes. And using it, one could do *riyaz* (practice) without the aid of another person.

Emboldened by this first success, Narayan decided to leave the security of a job and in 1980 set up Radel Systems in a garage with an investment of Rs.12,000 and two workers. A fledgeling SSI could not bank on just one product, so he took up subcontracted jobbing work from BHEL for supplying electrical coils. BHEL demanded high standards and enforced strict acceptance rules; yet, there was no equipment available in the market to check quality. Narayan, therefore, designed and manufactured his own coil tester, which subsequently found a market among other coil makers. Other inventions of his include a musical fountain, a kitchen timer, a home security system, an automatic light switch and a fan regulator.

"Promotion of the electronic musical instruments was done in the only way possible — by personally demonstrating to leading musicians," says Raj Narayan. "The customer in this case had to be convinced by the tonal quality of my instruments; no amount of advertising could accomplish that. Moreover, I had to watch costs and use management principles to keep unit prices low."



Last year, Narayan won the Binatone Silver Trophy and was named "Young Electronics Engineer of the Year", after he made the talometer, an audio-visual instrument that can be set to all 35 *talas* of Carnatic music, the seven principal ones being *Rupaka*, *Jampa*, *Triputa*, *Eka*, *Ala*, *Matya* and *Dhruva* and five others, *Thisra*, *Chatusra*, *Khanda*, *Misra* and *Sankirna*. It can also be set to *Misra Chapu* and *Khanda Chapu talas*. The same instrument can be used for the Hindustani *Rupak*, *Dadra*, *Ektal*, *Teentaal* and *Jhaptal*.

Nor have the innovations stopped. He has developed a mini sruti box the size of a book, a drone instrument more compact and portable than the original. The latest is the Taalmala. At the Indian Institute of World Culture, Bangalore, Narayan played his flute solo and the audience heard him as though there was an accompanist playing the *tanpura* and another playing the tabla. The Saarang is 24 by 17 by 8 cm while the Taalmala is 34 by 10 by 22 cm. The flute, drone and percussion demonstration was combined with a fluent lecture to show that the Taalmala could do *teental*, a *vilambit ektal* and, with just the flick of a switch and the turn of a knob, could show versatility with *thekas* (rhythm sounds) for each item going faster or slower as demanded. Music critics afterwards explained that the Taalmala goes beyond electronic percussion instruments of the West. Western gadgets can simulate the *bols* (*dha*, *na*, *ki*, *ta*, etc.) produced on the tabla but they cannot reproduce the "curved" sounds produced by our tabla players when they press or slide the base of their palm on the *bayan* (left hand piece) of the tabla. Raj Narayan took two years to come up with an instrument which reproduces the varying nuances of the sounds of the tabla.

At the annual music conference of the Karnataka Gana Kala Parishad in Bangalore, leading musicians, initially sceptical about gadgets endorsed the Taalmala's versatility and tonal quality, some grudgingly. At the University Club House in Bombay too audiences were impressed.

Raj Narayan is emphatic, however, that electronic instruments cannot replace human accompanists. The intelligent anticipation, improvisation and rapport between two performing classical musicians is unique and can never be replaced by gadgetry. But jet setting performers appreciate the Taalmala's probability and place orders. Another advantage is that whereas air-conditioning affects the wood and the gourd of *tanpuras*, microprocessor circuits are immune to variations in temperature.

Ravi Shanker, Bhimsen Joshi, Dr S. Balchander (veena) and the late John Higgins (Carnatic vocal) have been Narayan's customers. The Surpeti, Saarang and Talometer together now sell approximately 1,000 pieces a year (see chart) and the typical price is Rs.1,000 per piece. The viability of the enterprise is kept up with musical fountains, home security devices and other products. Full-scale commercial production of the Taalmala will see Radel Systems take a quantum leap. ■

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Take Tyre Service Centres. First from Dunlop. A unique marketing innovation. Service that says "We care". Hardly surprising from a company with a list of firsts to its name.

First tyre and rubber company to establish operations in India. First to make tyres for aircraft. First to manufacture extra-large earthmover tyres. First with radial tyres for the Maruti, and still the only one approved by Maruti. And first to introduce nylon two-wheeler tyres. The list goes on...

Dunlop. Where innovation is a way of life.

Dunlop. Started First. Remains First.

DUNLOP
TYRE SERVICE
CENTRE

Take Size

Take the Number One. Dunlop India - the only Indian Company listed in the published list of the world's top 20 tyre and rubber companies. No. 1 in India. The world says so.

Take range. No. 1 again. Farmer or Jet fighter. Car tyres or Earthmover tyres. It's Dunlop all the way.

Dunlop. Started No. 1. Remains No. 1.

DUNLOP

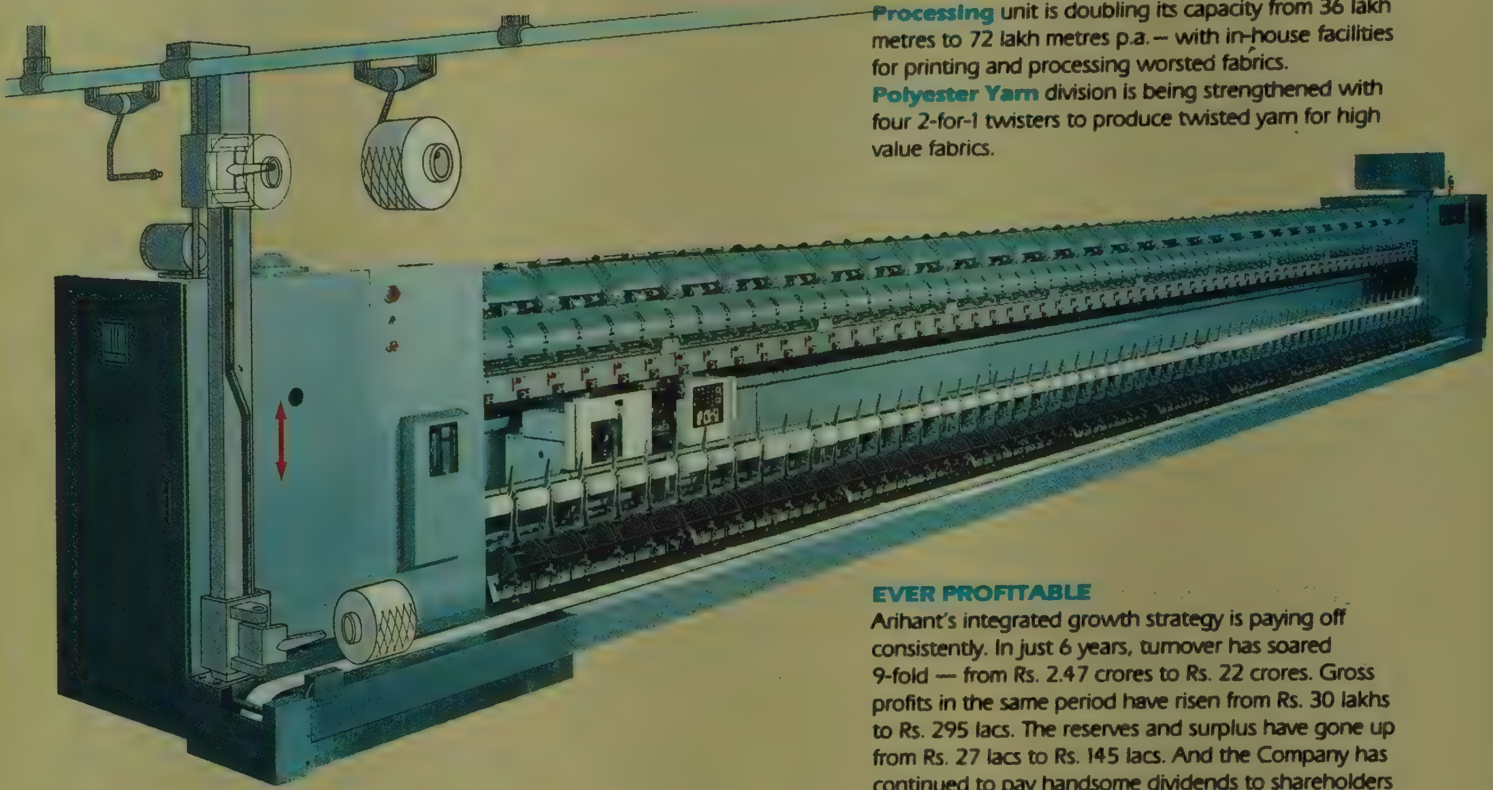
LEADERSHIP
DUNLOP

Dunlop is Dunlop. Always ahead.

India's most modern, integrated synthetic textiles complex, ARIHANT is growing rapidly — profitably. And is now investing over Rs. 12 crores on hi-tech expansion and closer integration of all its divisions.

EVER EXPANDING

The capacity of **Worsted Spinning** is being stepped up from 3,200 spindles to 6,000 spindles. **Weaving** division is adding 12 Sulzer Ruti projectile machines for premium worsted suitings and 24 Nissan water jet looms for printed dress materials and sarees. The **Processing** unit is doubling its capacity from 36 lakh metres to 72 lakh metres p.a. — with in-house facilities for printing and processing worsted fabrics. **Polyester Yarn** division is being strengthened with four 2-for-1 twisters to produce twisted yarn for high value fabrics.



EVER PROFITABLE

Arihant's integrated growth strategy is paying off consistently. In just 6 years, turnover has soared 9-fold — from Rs. 2.47 crores to Rs. 22 crores. Gross profits in the same period have risen from Rs. 30 lakhs to Rs. 295 lacs. The reserves and surplus have gone up from Rs. 27 lacs to Rs. 145 lacs. And the Company has continued to pay handsome dividends to shareholders (20% each for 1984 and 1985, 21% for 1986 and interim 15% for year ended March 1988).
The proposed expansion and diversification programmes will take the Company's turnover to over **Rs. 40 crores** in the current year and to over **Rs. 75 crores** next year, thereby further strengthening its position and profitability.

EVER NEW

Arihant's latest venture, **ARIHANT COTSYN LTD.**, is the first spinning plant in India with the revolutionary air-jet spinning machinery of Murata, Japan — 10 times more productive than the conventional ringframe.
A Rs. 17 crore project for the manufacture of 2 million kgs. p.a. of polyester blended cotton/synthetic yarn, Arihant Cotsyn will have a turnover of over Rs. 20 crores. In additon to the ready demand in the open market, the new venture enjoys a captive market in Arihant Fabrics — a major consumer of yarn.
Arihant Cotsyn is thus one more example of the Arihant strategy in action. An integrated strategy that turns investments into profits.

ARIHANT's integrated strategy turns investments into profits.

For the company — and its shareholders.

OSWAL® Premium
Suitings Shirtings & Dress Material

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Sobhagya/156/88

For Sunday morning regulars at Bombay's posh Willingdon Club, the majestic sight of a 94 kilo **Vijaypat Singhania** taking off from the swimming pool diving board is a common one. But now the 49-year old chairman of Raymond Woollen Mills is set to undertake a flight of a different kind. Having shed 7 kilos to fit into a 149 kilo microlight aircraft, he is attempting to do a JRD Tata — fly solo from London to Bombay in three weeks starting 15 August. The £15,000 aircraft called Shadow and christened L'espirit d' Indian Post after the daily he owns in Bombay (and obviously inspired by Lindberg's Spirit of St Loius) is a short hop plane with a maximum speed of 60 knots and fuel consumption of 20 miles a gallon. But with some refitting Singhania should be able to fly non-stop as much as 600 miles, though the maximum distance he would be flying on a single stretch would be 403 miles, from Ancona to Brindisi in Italy. He'd be making 23 halts in 11 countries during the trip covering 5140 miles, flying 84 hours and using 1045 litres of fuel.

Singhania is an aviation fiend who's been flying for three decades and has logged more than 2000 flying hours. "You don't have to be crazy to be in aviation," he says, quoting J.R.D. Tata, "but it helps." But just being crazy won't do, obviously. You got to have money as well. Singhania will spend around £25,000 on the exercise. "Friends are sponsoring me, he says." Not that he cannot afford it, with his company having done very well this year. But his one worry is that government, going by its policy of not allowing import of aircrafts, might not allow him to keep the Shadow in the country for long. "I'll request them and then wait and see what happens," he says.

When it comes to walking the political high wire, there aren't many who can match the dexterity of Maharashtra finance minister, **Sushilkumar Shinde.** The tall, strapping, court messenger-turned police inspector-turned lawyer-turned politician has been a minister since the days of Vasantrao Naik in the early seventies. He has since manoeuvred his way through eight state ministries, a considerable feat in the faction-ridden quagmire of Maharashtra politics.

In 1978, he helped topple the Vasantdada Patil ministry by defecting from the Congress with mentor Sharad Pawar. In 1980 when Sharad Pawar's Progressive Democratic Front lost the election, Shinde abandoned him to defect back to the Congress-I. Pawar had then said "We obviously do not appreciate defection." By 1983 Shinde had made his way back into Patil's second ministry.

Now that Pawar himself has rejoined the Congress-I and been appointed chief minister, Shinde finds his position as finance minister undisturbed. Talk of political survival! But one of Pawar's first actions as CM may not be entirely to Shinde's liking. He is planning to scrap zero-based budgeting, a V.P. Singh-legacy that S.B. Chavan introduced with much fanfare last year. Unless, of course, Chavan as the new union finance minister does something that will make Pawar change his mind.

Will **B.K. Modi,** chairman of Modi Xerox change the way Indian business treats its consumers? At least he thinks so. Though he arrived in his Rolls Royce to the customer seminar there is no doubt about who he considers is king. The first ever seminar of this kind, Modi claimed it was also the occasion to announce the first ever Indian scheme to link top management pay to customer satisfaction. The 100 customers who were present provided feedback to the company which wants to make overseas service norms the benchmark for their performance.

And are managers worried about all this? No, says Modi, who believes that as the country's biggests investor in office automation, Modi Xerox has only other world leaders to compete with. So if you are a dissatisfied Modi Xerox customer, make sure you air your complaint. Some manager somewhere will feel the pinch — at least on his paypacket.

As families across the corporate firmament proceed to crack up, it is heartening to see that at least some try to work on staying together. In one such exercise, personally supervised by that doyen of southern Indian industry, **M.V. Arunachalam,** the entire clan that controls the TI Group trekked off to Fishermans Cove in Madras. The family, three generations of it, went off to their little retreat, sans wives, to deliberate on the future of the group. Issues that Arunachalam and his cabal were to ponder on were of course kept strictly under wraps with family members maintaining the usual tight lip. But Arunachalam, being a pragmatic man, will have gone over areas that include expansion of business, contraction of some companies and areas of investment for the future. Now lets watch what the TI Group actually ends up doing after cavorting in the surf-and-singing on the sands.

Excerpts of the Speech delivered by Mr. Ramesh Chandra, Chairman
at the 17th Annual General Meeting of the Company
held on Tuesday, the 28th June, 1988 at New Delhi.

UNITECH
LIMITED

CHAIRMAN'S STATEMENT

Dear Shareholders,

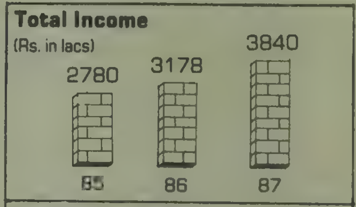
It gives me great pleasure to welcome you to the 17th Annual General Meeting of your Company.

Excellent Financial Results

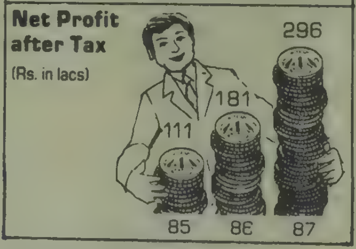
Despite adverse conditions — such as the unprecedented drought with its depressing impact on all sectors including Civil Construction — your Company enjoyed another year of high growth and profitability.

The Company's performance is well reflected in its excellent financial results.

Total Income
(Rs. in lacs)



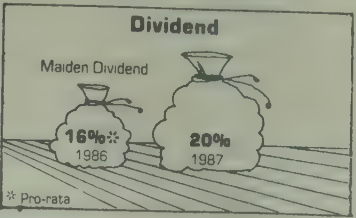
Net Profit after Tax
(Rs. in lacs)



Turnover rose by 21%, from Rs. 31.78 crores in 1986 to Rs. 38.40 crores in 1987. Profit before tax shot up from Rs. 241 lakhs in 1986 to Rs. 366 lakhs in 1987. And net profit after tax touched Rs. 296 lakhs — an appreciable 69% increase over the previous year's figure of Rs. 175 lakhs.

True to the Company's policy of sharing its growth with its shareholders — and thus reciprocating their continued support and confidence — the Directors of your Company have recommended for your approval a dividend of Rs. 2.00 per share as against Rs. 1.60 (pro rata) per share in the previous year.

Dividend



✲ Pro-rata

Projects Completed During the Year

- ✲ Polyester Plant for Ester India Ltd. at Khatima (U.P.)
- ✲ 75000 TPA LPG filling station for Bharat Petroleum Corp Ltd. at Asaoti (Haryana)
- ✲ Office Complex for Peerless General Insurance at Delhi
- ✲ School Buildings, Hospitals and Residential Quarters at Hun and Wadan (Libya)
- ✲ Carpet Factory at Sokhna (Libya)

Construction : Ever Upwards

INDIA : Besides making excellent progress at ongoing projects, your Company won major new contracts such as the Okhla Sewage Treatment Plant at Delhi and the Steel Melting Shop at the Visakhapatnam Steel Plant. Unitech is now programmed for further expansion and also entry into non-traditional fields of civil engineering construction. The Company is already pre-qualified for contracts of Large Dams, Highways and Atomic Power Plants.

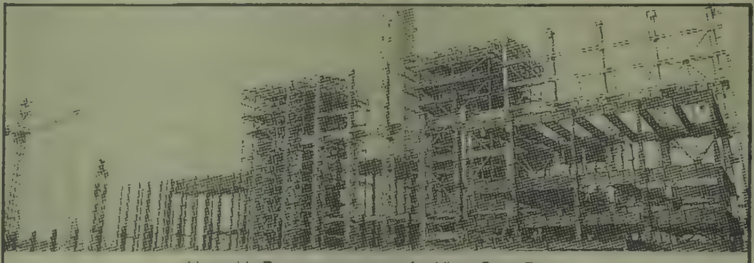
ABROAD : The Company's performance on overseas projects too continues to be good. A protocol was recently signed with the Libyan Government authorities for the construction of 270 houses at Wadan (value Rs. 46 crores). In addition, negotiations are at an advanced stage for the construction of two Reservoirs for Hot Water (value Rs. 7 crores) in the desert area and High Tension Lines for Tube Wells (value Rs. 8 crores) for a reputed international oil company. These contracts, totalling Rs. 61 crores, will mean a sizeable increase in our Overseas Projects' turnover and profitability.

Unitech has earned a rare distinction in Libya. It is the first Indian private sector construction company to be paid its dues in the form of Crude Oil. The Libyan Government has agreed to release 5.2 lakh barrels of Crude in settlement of the major part of Unitech's old outstandings against Libya.

The Real Estate Phenomenon

In recent years, perhaps no business has grown so phenomenally throughout India as Real Estate. The demand-supply gap in Housing is ever widening. Shortage of houses in India, estimated at 24.7 million units in the 7th Plan, will actually cross 40.9 million units by 1990. New townships, industrial and residential, are proliferating all over the country.

Unitech is making an important contribution in the country's housing sector — and, in the process, is substantially augmenting the Company's profit potential. Two Mini Townships are under rapid development in key regions : the Delhi-Haryana border and the city of Lucknow.



Unitech's Prestigious project for Vizag Steel Plant.

In New Delhi, where the demand for commercial and residential accommodation is insatiable, the Government has lifted the ban on construction of multi-storeyed buildings in the Connaught Place area. Unitech will thus be able to launch, hopefully in the current year, various housing projects hitherto pending. The Company has also signed beneficial agreements for construction of multi-storeyed residential complexes in prime locations of Lucknow city.

During the year, your Company extended its development activities southwards — to the garden city of Bangalore, one of India's fastest growing cities. The Company has concluded major agreements for constructing Group Housing projects in several prime locations.

In the megalopolis of Bombay, Unitech has not only made rapid progress at ongoing project sites but has also signed a new agreement for construction of a large sized Group Housing complex on the city's outskirts.

"Shortage of houses in India, estimated at 24.7 million units in the 7th Plan, will actually cross 40.9 million units by 1990. Unitech is making an important contribution in the country's housing sector — and, in the process, is substantially augmenting the Company's profit potential."

The Export Front

In the year just ended, your Company appreciably expanded and diversified its export business. An order for Rs. 1 crore worth of Shoe-Uppers was successfully executed and a repeat order of the same value was recently secured. The Company is currently negotiating with the USSR and certain African countries for the export of many new items.

Unitech Metals : the vehicle drive

Unitech is happy at the continued upswing in the light commercial vehicle (LCV) market, as it has a direct bearing on the prospects of our subsidiary, Unitech Metals Ltd. To cash in on the uptrend, Unitech Metals has substantially increased its production of Rear Deck Assemblies for LCVs and is looking forward to the future with renewed assurance.

The Company also expects to ride the Maruti wave with the commencement of production very soon of Door Sash Members for Maruti cars.

Welcome Tomorrow

For your Company, therefore, the future is bright. Real Estate is ever growing and Unitech enterprise in this field is bearing fruit nationwide, with the setting up of a widespread branch office network. Overseas Construction is firming up with the stabilisation of oil prices, and your Company is making successful new thrusts in this area. Opportunities for Unitech expansion and diversification are fast opening up, with the Company's cash flow position gaining impregnable strength. Your Company thus has every reason to welcome the morrow with confidence.

Thank You All

Finally, I would like to convey my sincere thanks and appreciation to all Unitech employees for their sustained hard work and devotion through the year. I also wish to express my deep gratitude to our bankers, Canara Bank, for their consistent support and wholehearted cooperation. And I am most thankful to you, dear shareholders, for your continued faith and confidence in the Company. Let us all strive together to take our Company ever forward.

Note :
This does not purport to be a record of the proceedings of the Annual General Meeting.

Sobhagya 150 88

Teaching experience

The stereotype of an executive is a person who considers the job first, family second and everything else last. Getting ahead is seen to involve an undiluted emphasis on one's work and ones own interests. A teacher, on the other hand, is seen as someone who gives of himself or herself, with very little thought of reward or return. So an executive who teaches would seem to be a contradiction in terms.

Surprisingly, there are a large number of executives who spend a fair amount of time teaching and love it. "Teaching young students is rewarding because of the exposure to fresh minds. The questions they raised kept me on my toes. It was necessary to be well prepared and up to date with the latest information," says Sashi Dash, managing director of Polynova Industries Ltd (a subsidiary of Lupin Laboratories Ltd), who used to teach advertising and sales promotion to young MBA students at the Jamnalal Bajaj Institute of Management Studies in Bombay. Though Dash stopped teaching these courses some years ago, he continues to teach executive development programmes and has helped develop a syllabus in marketing for students at the Industrial Design Centre at the IIT, Bombay.

Ajay Srinivas, director (animal products) Cynamid (India) Ltd, finds that teaching executive development programmes, which he does in addition to being a guest faculty member at Bajaj, is especially rewarding and challenging. Srinivas, who is only 32, finds that most participants in these courses are between 35 to 45. Most lack a formal management background but have a wealth of practical experience. For Srinivas, who did his MMS from Bajaj in 1979, teaching has helped him to develop his skills in dealing with older executives at work. "It's one thing working with executives who are younger and share the same conceptual background. It's quite another to lead a team of executives who are older and who have gained experience in an industry, like pharmaceuticals, which is fairly traditional," says Srinivas. Srinivas emphasises that his teaching experience has been a vital component in his rapid rise up the corporate ladder.

Vajifdar: sharing the PR experience

What prompted Roda Mehta, director media and research, Ogilvy, Benson and Mather, to start teaching at Bajaj in 1973-74 was the intellectual stimulation it provided. Mehta, who had graduated from Bajaj herself, wanted to keep her links with the institute. "It was taking shelter in an environment which was home in more ways than one," says Mehta who had just joined industry at the time. What has kept her going is the desire to give back to the system a little of what she got out of it. Mehta currently teaches a course at IIM, Ahmedabad.

For most executives, teaching provides an invaluable opportunity to keep fully abreast with the latest developments in their field. It also provides an opportunity for exploring fields that are not jobwise one's forte. Ernest Fernandes, general manager (marketing) at TOMCO, who normally teaches product marketing, is giving 16 lectures on the marketing of services about which, till recently, he knew little.

Partly, it is the rigor of having to design what exactly they are going to teach which helps executives get more out of what they learn while teaching than from reading. For Rama Bijapurkar, a consultant to Hindustan Lever Ltd, whose speciality is market research, teaching a course at the Indian Institute of Management at Ahmedabad means starting out right from deciding what it is going to cover.

Bijapurkar, who herself is a graduate of IIM, feels that all the effort of gathering course material etc, is worth it. For one thing, with all its facilities including 80 PCs for data analysis, teaching at IIM Ahmedabad is a dream. And she is able to brush up on the latest in market research.

Teaching is an opportunity for executives to share skills which they have developed in the course of working. Roshan Vajifdar, senior manager, corporate planning at Bharat Petroleum, previously worked in public relations in the corporation. "I got into the profession by accident", says Vajifdar whose own academic background is in economics and political philosophy. Today, public relations has come to be seen as a profession, requiring credentials. The Xavier Institute of Communications asked her four years ago to co-ordinate a course in public relations. She is happy today that the course, which was initially a 6-month one, has now been expanded to a full year and an advanced study course has also been initiated.

What most executives enjoy is the satisfaction of interacting with students. Srinivas enjoys the thought that he is helping shape management thought and practice. For Mehta, teaching is not a one way but a two way process. If this breaks down, the exercise begins to pall, she says. Mehta has been going to IIM Ahmedabad for 10 days a year for a concentrated stint of teaching. What she sees as disenchanting is the increasing arrogance of students at the institute, largely; as she sees it, a result of the lucrative placements they get when they leave the institute. She intends to stop teaching at the institute.

Luckily, the experience of most executives with their students is positive. For Ernest Fernandes, he has the unique satisfaction of knowing that almost without fail, he is sure to meet an old student of his each time he travels. Fernandes, who has been teaching for the last 15 years, always asks his old students whether they have been able to apply what they learnt. The answer which he has heard most often, is that they have to a great extent.

All these executives agreed and emphasised that their teaching has rewarded them richly, in their career development, but also importantly in their personal growth. So who says those who can't do — teach? ■

EAPEN THOMAS

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NAME ______________________________

ADDRESS ______________________________

MANAGERIAL COMPENSATION

Will it increase?

The long-overdue increase in the remuneration of directors of companies has finally become effective since June. Directors' salaries will now range from Rs.6,000 to Rs.15,000 per month depending on the effective capital of the company as well as the profits of the company, in addition to perquisites. And while the directors are busy with the procedural formalities of implementing their revised compensation, the rest of senior and middle management anxiously await revisions in their own salary packet.

As is well-known, the artificial ceiling on senior management salaries had resulted in a piquant situation for most companies, with unionised salaries rising higher than middle management salaries in several companies due to the galloping dearness allowance especially where double linkage schemes operate. The average increase in unionised salaries over a three year period in Bombay has been about 25 per cent and several recent settlements have resulted in increases of around Rs.600 per month to workmen.

Most managements had discontinued the practice of paying dearness allowance to management staff about seven years ago except at levels that are really "supervisory" levels. And even companies that paid DA at management staff levels tended to pay fixed amounts that were only periodically revised. The sustained inflation therefore made it impossible at junior management levels to promote employees from unionised/supervisory levels where they received a constantly rising DA.

Hence there was a reintroduction of DA in some form or the other at these levels. Some companies made appropriate adjustments at the middle management level, but most were unable to maintain the kind of differential that existed earlier. In any case most Bombay companies have begun the practice of passing on the same quantum of benefit given to the workmen to management staff in "settlement" years.

But there still remains the vexing issue of the differentials to be maintained between different levels especially where direct reporting relationships are involved. Take the example of the skilled fitter drawing in several large companies about Rs.3,500 p.m., reporting to a shift supervisor who is often in junior management, and often a promotee himself, but is drawing a few hundreds less.

Salaries of middle management have tended to stagnate at about Rs.3,000 to Rs.5,000 per month. The practice of providing benefits in the form of reimbursements for conveyance, servants' wages, soft furnishings, entertainment, etc, has been under pressure with the periodic tax raids and companies are less willing to take the exposure involved in persisting with such practices. Gross salaries have therefore tended to be stagnant around Rs.6,000 to Rs.10,000 p.m.

The inhibiting factor was a mental block of having salaries higher than that of the chief executive, which was pegged at Rs.7,500 p.m. Contrary to popular belief, despite the wide prevalence of the "president" system, basic salaries rarely exceeded Rs.9,000 p.m.

MENTAL BLOCK

With the rationalisation it is anticipated that the mental block to higher salaries will be removed. In fact basic salaries at the middle and senior management levels are bound to increase by at least about 15 per cent while gross remuneration is anticipated to increase by at least 30 per cent. The vice-president of a leading chemical company anticipated the likely increase in basic salaries to be around 30 per cent and take home increases to be of the order of 30 to 40 per cent. The anticipated time frame for such increases is 12 to 18 months.

Increases in basic salaries of course mean an increase in indirect costs such as on retirement benefits, making the total increase to the company significantly higher. But most managements feel that the psychological difference in compensation between workmen and management staff has been so greatly eroded that nothing short of a drastic correction in the total structure will bring relief to middle management.

It is, interesting to note in this context , that in 1978 before directors salaries' were pegged at Rs.7,500 p.m. the ratio of the lowest paid to the highest paid in most MNCs and the like used to be around 1:27 and today even with the revised norms it would be around 1:15 in metros like Bombay. Of course, the "market" value of housing provided has not been considered since most large companies acquired houses for senior executives long ago.

Basic salaries are still considered an indicator of the relative seniority of jobs despite the obsession with tax-effective payments. And this is where middle management has felt most injured. With the stagnation in basic salaries and the frequent merger of DA into basic salaries for workmen the prime indicator of seniority no more remains. So the visible perquisites assume greater importance and these have increasingly become restricted to the minority at the top.

But, of course, increases in basic salaries mean that the taxable salaries will increase and therefore the employee will get only a part of the increase contemplated. Hence despite the maximum marginal rate of personal taxation being only 55 per cent the importance of finding tax effective ways of paying salary will return since most companies believe that middle management needs to be paid significantly higher in "take-home" terms. To give middle management a take-home increase of about 25 per cent — approximately what top management will get with the liberalisation — will cost companies at least 40 per cent more at these levels. And most companies cannot afford such hefty increases in their wage bills.

Housing, however, continues to be the bugbear of both employers and employees. The income tax rules have still not liberalised the provisions relating to house rent allowance adequately though modifications have been made in the house lease rent limits. Yet most companies have enhanced the HRA in the last two years and to the extent that several companies follow the practice of linking HRA to basic salaries , this will also rise.

Another aspect of the increased remuneration of directors is that the present system of having "presidents" and "vice-presidents" is bound to disappear. There are already instances of former presidents and vice-presidents opting to be "directors" once again. And so there will be readjustments in the constitutions of boards.

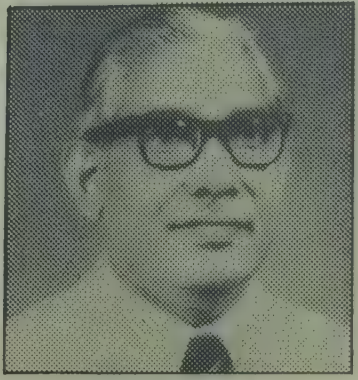
And what about designations? The currently popular American style designations were a direct consequence of former directors going off the board due to remuneration constraints. However, it appears that the intervening years have taught Indian managements the importance of high sounding designations as motivating tools in a status-conscious Indian society.

■ ANITA RAMACHANDRAN

CONTINENTAL CONSTRUCTION LIMITED

Continental House, 28 Nehru Place, New Delhi 110 019

The following is the text of the Chairman's Speech read by Shri C.L. Verma, Chairman, Continental Construction Limited at the Twenty-Fifth Annual General Meeting of the Company held on the 27th June 1988 at New Delhi.



Mr. C.L. Verma
Chairman

CHAIRMAN'S SPEECH

Ladies & Gentlemen,

It gives me great pleasure to extend a hearty welcome to you to this 25th Annual General Meeting of your Company – the Silver Jubilee Year.

SAD & SUDDEN DEMISE OF MR S S BASI

Before we commence the proceedings, I would like to inform you of the sad demise on 6th June 1988 of Mr. S.S. Basi, our respected Chairman. He did yeoman service to the growth of the Company from humble beginnings and endeared himself to all categories of staff and workers by his amiable temperament and winning manners. The loss to the Company is indeed irrepairable and I am sure all of you would join me in sincerely praying to God that the departed soul of our distinguished colleague may rest in peace. I am certain that culture created by him of hard work for continued growth of the company and affectionate dealings with the workers will continue to guide us in the years ahead.

With feelings of grief on losing a brotherly friend and worthy Colleague, with whom I had unbroken 40 years' personal and business association, and whom I expected by my side today, before I come to business, may I request you to please observe one minute's silence and pray for the solace of the noble departed soul.

WORKING RESULTS

I now come to the performance of the Company during the year 1987. The Directors' Report and the audited statements of accounts, together with Auditor's Report have been with you for quite some time. With your permission, I take the same as read.

It is a matter of great satisfaction that the Company's operations during the year under review resulted in a net profit of Rs. 12.08 crores after providing depreciation amounting to Rs. 8.47 crores, before tax. The gross income of the Company has increased to Rs. 111.27 crores in 1987 compared to Rs. 79.35 crores in the previous year. In the light of the continued good performance, the Directors of your Company have recommended a dividend of 20%, which is as per the forecast made by your Directors in 1986 at the time of Public Issue. Keeping in view the sizeable free reserves accumulated over the years, your Directors also propose, for your approval, issue of Bonus Shares in the ratio of 1 bonus share for every 2 shares held.

BUSINESS IN HAND

As on date, the Company has 14 contracts under execution in India valued at Rs. 259.14 crores. The following two more contracts, valuing Rs. 43.50 crores are also likely to be awarded to us in near future:-

(a) Dam at Kodasalli, Karnataka	Rs. 36.00 crores
(b) Work at Indira Sarovar, M.P.	Rs. 7.50 crores

The work at Sanjay Vidyut Pariyojna in Himachal Pradesh has been completed and we are running in maintenance period at present. The progress of work at other projects is satisfactory.

The tender submitted by your Company for the world's largest single civil construction project, namely, Great Man Made River Project in Libya is under the active consideration of the clients. Your Directors are hopeful of favourable outcome before Dec. '88. Your Directors are also confident that, in spite of the shrinking construction market in the Middle East, your Company will be able to improve the progress in the years to come.

SUBSIDIARY COMPANIES

You are aware that your Company has three subsidiary companies. The performance of these companies has been steadily improving, as explained hereafter:

Punjab Ceramics Limited

The year 1987 has recorded a distinct improvement in the output – from Rs. 1.33 crores in 1986 to Rs. 2.61 crores in 1987. This situation is expected to improve further. It is expected that this subsidiary company will turn the corner in the next one or two years.

Continental Shipping Corpn. Ltd.

The Company has made a good operating profit during the year with definite indications of further improvement in the years to come. You will be happy to know that, out of various proposals for acquisition of Phosphoric Acid Carriers, Edible Oil Carriers, and Offshore Supply Vessels, Government of India have now approved acquisition of one second hand Edible Oil Carrier and two Phosphoric Acid Carriers. This definitely improves the business prospects of this Company. World market is being explored to locate suitable carriers for acquisition against the Government's approvals.

Continental Papers Limited

Trial production at Paper Plant, as indicated in the last year's Chairman's Speech, commenced during December 1987. The quality of paper satisfies the technical specifications and acceptability of the market. Commercial production is under planning at present.

Continental Float Glass Limited

You will be pleased to know that your Directors took a decision to become co-promoter in the newly established high-tech industry under the name and style of "Continental Float Glass Limited". This is a Rs. 250 crore industry. The "Float" is a latest technology in glass production. This technology is coming for the first time in India. It is a joint venture project with U.P. State Mineral Development Corporation, a Govt. of U.P. enterprise, holding 26% equity. Your Company holds 10% equity of this project. Your Company will have two directors on the Board of CFG, out of which one will be the Managing Director and another Jt. Managing Director. This industry will be located at about 57 km. from Allahabad on Allahabad-Banda Highway in a backward area. The possession of 450 acres of land is expected to be given to the Company in the next two months. Other infra-structure activities are in progress. The Company is likely to come into production sometime in 1991. Annual turnover is expected to be Rs. 200 crores.

ACKNOWLEDGEMENTS

On behalf of all of you, I wish to sincerely express our gratitude to the continued support extended to the Company by our Clients, Banks, Financial Institutions, and various Ministries of Government of India and State Governments. The dedicated service rendered and the team spirit and enthusiasm shown by all officers, staff and workers of the Company deserve special mention.

Thank you.

CHAIRMAN

New Delhi
27.06.1988

NOTE : This does not purport to be a record of proceedings of the Twenty-Fifth Annual General Meeting of the Company.

PRESSMAN

The increasing role of public finance

WORLD DEVELOPMENT REPORT 1988
BY THE WORLD BANK
Oxford University Press,
New York, pp. 307.

Although average gross domestic product growth in the industrial countries in 1987 was marginally higher than in 1986 it was well below the high levels of the fifties and sixties, according to the World Development Report 1988. Also, international payment imbalances persist, and there is the risk of further volatility in stock markets and in exchange and interest rates. This rather disturbing situation is the result of "divergences in the macroeconomic policies of the leading industrial countries" and could result in a depression.

The report stresses on the rapid growth of government in the economic development of almost all countries of the world. From about 10 per cent of GNP, in 1880 government spending in industrial countries has grown to 29 per cent by 1986.

In developing countries the share of government spending in GNP has risen from a mere 5 per cent in 1940 to about 26 per cent in 1985. The government affects the economy through taxation, spending, price controls and licensing. However, the report states, the situation varies from country to country especially in the developing world. But the public sector is definitely playing an increasingly important role in both the industrial and the developing world.

The role of the public sector is not an unmitigated evil. In countries which have inefficient markets the public sector plays an important role in bringing about a proper balance in the use of scarce resources. On the other hand, the excessive expansion of the public sector in some countries has led to a waste of resources and inefficiency. However, as the report points out, no substantial empirical evidence is available to prove or disprove that growth in the public sector has led to a growth in GNP. What is therefore needed is not a large or a small public sector but a good government that manifests its efficacy in five different ways: a prudent fiscal policy; efficient revenue mobilisation; priorities for public expenditures; appropriate structure of government and good administration.

The report stresses the need for a fiscal balance in order to achieve economic stability. In the years before 1982, many countries — be they low income, middle-income, oil exporting, oil importing, planned or market economy — saw government budget deficits rise to unsustainable levels. But even though since the early eighties the reduction in deficits has been considerable, in many countries it is still not sufficient.

The large fiscal deficits are often the root cause of both internal and external macro-economic problems. External imbalances mean current account deficits, external debts and capital outgoings. Internal imbalances mean high inflation and low rates of private investment. Inflation is largely a fiscal phenomenon a result of governments resorting to deficit financing thereby creating more money than the growth in money demand. Because of the high inflation savings are lower; this in turn affects investment. Therefore, a prudent fiscal policy would not only involve financial discipline but also financial liberalisation, currency devaluation, price deregulation, trade reforms, etc.

If one moves from the premise that deficits are a nuisance then their reduction will entail either on increase in taxation or a reduction in expenditure. Actually both have to be resorted to in order to achieve a balance. Tax raising, the report warns, causes distortions within the economy. But most of today's tax systems are poorly structured and put an unwarranted burden on the poor.

Therefore, the need to restructure is imperative. Restructuring can be brought about by simplifying the structure of income tax and value-added taxes rather than resorting to import, turnover and excise taxes.

Tax reform in developing countries needs to focus on reducing distortions like steep progressive taxation and simplifying the tax administration. Also, equity can be furthered by exempting the income and essential purchases of the poor from the tax net and by eliminating most of the income-tax deductions and allowances that benefit the rich. Subsidies need to be reduced, by increasing charges for public utilities such as gas, water, power, and telephones. The report stresses that higher charges for public facilities that have large private benefits — for example, university education — will increase efficiency in production and consumption.

World Development Report 1988

Public spending plays a critical role in developing countries because inefficiency and waste has to be minimised. For this priorities need to be laid down, based on two considerations. The first is an appreciation where government involvement is necessary and second is the effective use of limited reserves.

The report stresses the need for greater accountability by state and local governments. Also, state owned enterprises (SOEs) are expected to finance their operations through internally generated funds, but in reality they rarely do. Therefore, greater control over SOE finances is advocated with greater involvement of the private sector.

The report, however, warns that no single policy will increase efficiency in public finance. Only a comprehensive approach will bring about the desired result.

What makes the World Bank report eminently readable is not only the quality of its analysis but also the packaging of the information. On practically every second page there is a box which deals with a specific information that is of great reader interest. Also, the charts and graphs, though simple, are well designed and reader-friendly. All in all the report not only deals with specific problem areas in the developing world but also contains a wealth of statistical information for the earnest researcher.

■ ASPI CONTRACTOR

Ashok Leyland Limited

REGD. OFFICE : 19 RAJAJI SALAI, MADRAS-600 002.

Statement by the Chairman **Mr Mantosh Sondhi** at the 39th Annual General Meeting on 28th June 1988.

HIGHLIGHTS

- **1987 records all round improvement — Dividend stepped upto 18%.**
- **1988 — outlook is bright.**
- **Hinduja/IVECO association opens new possibilities in technological upgradation, business diversification and export.**
- **Road Development and fleet modernisation deserve higher priority in National Plans.**

Overseas Associates

1987 has been a momentous year for your Company. As you are aware, LRLIH Limited which hold the non-resident shares of Ashok Leyland (and Ennore Foundries) and which was fully owned by the Rover Group of the UK, has been acquired by the Hinduja Group and IVECO. The Rover Group, after carefully evaluating several alternative offers, came to the conclusion that the Hinduja-IVECO combination would ensure a high level of entrepreneurship, marketing capability, technological and funding support for continued development and diversification of the Indian companies.

I would like to take this opportunity to recall the tremendous contribution made by the erstwhile Leyland Group (now the Rover Group) over the last four decades in shaping your Company into a vibrant corporate force contributing to India's industrial and economic development. It is a measure of Rover Group's commitment to the long-term development of your Company that they exercised great care in the choice of their successors. I am sure you will join me in recording our appreciation of the catalytic role played by the Rover Group in shaping your Company's outstanding track record.

Your Company's corporate strategies in the past focussed on developing a range of technologically appropriate and operationally efficient commercial vehicles to meet India's growing developmental needs. In the process, your Company has acquired an impressive level of technological capability and manufacturing infrastructure which is bound to lead your Company to higher achievements in a wider industrial spectrum. It is indeed significant that the change of ownership has occurred at this particularly opportune time.

The Hinduja Group has a strong presence in international trading, marketing, financing, investment banking and asset management activities with offices located strategically in major cities of the world. IVECO is the second largest manufacturer of commercial vehicles in Europe with a very wide product range. IVECO, in turn, is wholly owned by the FIAT Group which is a leading industrial conglomerate with diversified product lines, covering, among others, automobiles and several frontier technologies.

We believe that access to the Hinduja-IVECO Group's financial and technical resources will help your Company to upgrade and diversify its product range, acquire newer competitive strengths and significantly supplement export opportunities.

Review of Operations

During 1987 the road transport industry continued to be depressed under the cumulative impact of successive droughts, lower economic growth and poor operational viability of transport operations. There was in fact only a marginal improvement in the Total Industry Volume of medium and heavy commercial vehicles.

Against this continuing difficult market scenario, your Company has achieved a sale of 15,966 vehicles compared to 16,065 in the previous year. Despite severe competition in traditional export markets, 444 vehicles were exported in 1987 compared to 223 vehicles in the previous year. Sale of engines for industrial and marine applications was significantly higher at 2,923 units compared to 2,064 units in 1986.

Gross turnover of the Company registered an increase of 11%, from Rs.392.80 crores to Rs.428.49 crores. Profitability has significantly improved, as a result of rationalisation of product-mix, strict control on operating and financial costs, further supported by judicious pricing action. Operating profit was higher at Rs.26.48 crores compared to Rs.23.43 crores in 1986 while profit before tax improved to Rs.9.14 crores against Rs.6.41 crores in 1986.

Having regard to the performance during the year and the inherent strengths of your Company, the Directors have recommended an increased dividend of 18% on the share capital, compared to 16% of the previous year.

Outlook for 1988

The road transport industry continues to be faced with low investment priority for road development and fleet modernisation. Successive failures of monsoon had led to an unfortunate deceleration in economic activity which, in turn, adversely affected viability of road transport. In this scenario, forecast of good monsoon for the current season has generated a feeling of optimism. Your Company hopes that the recent trend in market recovery for medium and heavy commercial vehicles would be sustained. Regardless of market environment, your Company would continue to attach utmost importance to improving market penetration through appropriate product and business strategies, coupled with gains in productivity, optimisation of resources and strict cost control.

I am glad to report that the performance of your Company in the first 5 months of this year has been considerably better than what it was in the corresponding period of the last year.

Product Plans

I am glad to report that as a result of the product strategy which has been implemented over the past few years, your Company can lay claim to an excellent and unique product line-up in 7.5T GVW to 62.5T GTW range incorporating contemporary world class technologies in key aggregates. The recent association with IVECO will present even more exciting opportunities for product diversification in the years to come. I have no doubt that in the long term your Company's R&D strengths will be significantly reinforced with IVECO's association. Engineers of both companies have already commenced working closely to identify long term product diversification and upgradation plans.

The high mark of 1987 product strategy related to a wider spread of passenger vehicles fitted with HINO engines for State Transport Undertakings. These vehicles have received excellent customer response on account of superior fuel-efficiency and excellent reliability. However, the pace of introduction and volume spread of HINO engines had to be slowed down, compared to our initial plans, due to the steep appreciation of the Yen and consequent import penalty. To counter this, it is proposed to accelerate indigenisation of HINO engine components.

The bus version of the 'intermediate' commercial vehicle — the 'Chital' — is now in regular production. The vehicle has not only won appreciation in the domestic market but has elicited encouraging export enquiries. A truck version of the vehicle is slated for launch during the last quarter of 1988.

Your Company continues to retain its dominant position in the premium goods market. Consequent to the increase of permissible maximum laden weight on rigid vehicles, your Company has introduced a new 3-axle vehicle — 'Gaur' with a GVW of 25 tonnes which has been well received. This vehicle and the popular 34T GTW articulated tractor are now fitted with the new front end structure which has significantly enhanced product appeal. Developments in premium vehicle ranges will undoubtedly reinforce the anticipated shift towards high performance haulage vehicles.

As you are aware, your Company has an exclusive though low volume presence in off-the-highway and special application vehicle markets. Recognising the emerging preferences for more powerful and sophisticated options, your Company is developing appropriate product strategies to cater to this segment of the market. I am glad to report that the prototype chassis for Crash Fire Tender application at airports has recently been approved by the Ministry of Defence and we expect to obtain orders for these vehicles in the years to come.

While your Company's product strategy will help achieve sustained market penetration and increased customer coverage, one cannot be oblivious to the fact that accelerated growth of the Company is contingent on return of the road transport industry to an even growth keel. Unfortunately, the fundamental structural problems underlying the road transport and commercial vehicle industries have not received the serious attention they deserve. Recognising that India needed to strengthen its transportation infrastructure coupled with an improvement in vehicle availability to meet the growing mobility needs of the country it was only in the late '70s that the industry was allowed to expand. With appropriate policy support, the industry substantially stepped up capacity, upgraded and diversified product range and committed significant investments. Though the eighties opened with a boom in vehicle sales, it was quickly followed by a stagnation of demand. Sale of medium and heavy commercial vehicles in 1987 is still 4% lower than that achieved in 1981, and there is no evidence yet of a sustained upswing. There are two significant inter-related dimensions to the structural problems affecting the road transport industry and these relate to road development and fleet modernisation.

Road Development

Road transport has currently a share of about 80% in passenger transport and 55% in goods transport and is projected to play an even larger role by the turn of the century. Despite this growing role, development of roads and transport infrastructure has been seriously constrained by woeful lack of investments. Investment on roads and road transport as percentage of total plan expenditure has declined over successive plan periods from 6.7% in the First Plan to 2.7% in the Seventh Plan. Allocation on roads as percentage of tax revenues from road transport declined from a peak of 51% to only 23% in the Seventh Plan.

Low investments have resulted in an underdeveloped road grid. National highways carry 45% of traffic, but constitute only 2% of road length. Though 77% of our population is diffused over 6 lakh villages, 70% of these villages are not connected by all-weather roads. An in-house study carried out by your Company has demonstrated that even arterial highways are characterised by single lane width, poor road geometry and severe road conditions, though the traffic demands are very heavy. Overcrowding in buses caused by lack of needed vehicle stock coupled with dangerous road conditions have led to an increased severity of accidents.

It is also a matter of serious concern that slackening road development and increasing congestion, particularly due to personal transportation vehicles, have brought our country to the throes of a serious transportation crisis with tragic loss to human life and damage to vehicle stock. Already, the fatality rate at 58 per ten thousand vehicles, in India is approximately 4 to 12 times higher compared to the developed countries. At 37 per 10,000 people the fatality rate is far above the trends in other countries with better road network. A study on trend in road accidents conducted by National Transportation Planning and Research Centre has shown that if the present state of affairs continues, the number of accidents, fatalities and injuries would increase to nearly 1 million cases cumulatively. The number of fatalities is projected to treble.

Apart from the tragic human dimension, the bad condition of roads has serious economic consequences. Turn around time of vehicle is drastically increased due to traffic congestion and low vehicle speeds leading to increased costs for users and lower returns for operators.

It is not surprising that the World Bank has assessed the condition of roads in the country as among the worst. Although recent efforts to build model expressways and to strengthen the existing highways provide evidence of a fresh approach by the Government, these are unfortunately far short of requirements. Though the Government has laudably been attempting to provide institutional framework and support for road development through proposals to float National Highways Authority and to augment the Central Road Fund, these do not however, measure up to the real challenge in terms of the massiveness of the task or the quantum of investments required. Now that the Eighth Plan exercises are afoot, there is an urgent need for some basic commitment from the Government to the road building requirements as outlined by the National Transport Policy Committee, National Highways Committee and Indian Road Congress.

Fleet Modernisation

Closely allied to the problem of bottlenecks in road network is the bane of overaged and obsolete vehicle stock. Absence of regulatory or legislative checks to curb proliferation of overaged vehicles has contributed to a totally permissive situation with consequent penalties in terms of high fuel consumption, harmful pollution and unsafe transport services. It is indeed heartening that the new Motor Vehicle Bill provides for weeding out of overaged vehicles. It would be essential to strictly enforce relevant provisions of the Bill while at the same time offering liberal and concessional credit support to finance vehicle replacements. I would like to go a step further and advocate a broader policy framework for achieving fleet modernisation concomitant with envisaged fleet replacements.

It is equally important that the Government should play a more active role in defining the technological direction for fleet modernisation and to support it through adequate fiscal incentives. With the anticipated growth and spread of economic and industrial development, it will become necessary to move higher unit loads over longer distances to achieve speed and economy. Incentives must be structured to support appropriate vehicle concepts. Similarly, in passenger transportation where road transport has to play an even more dominant role there is already a pressing need for urgent solutions to mass urban transit needs on the one hand and extended rural services on the other. There is also a definite need to popularise exclusive vehicle concepts which ensure high degree of passenger comfort and speedy travel. This inevitable trend towards high performance, premium vehicles for greater transport productivity can only be successful when road grid is upgraded and expanded to accept such vehicles, and transport systems are integrated with land use planning and traffic management systems.

The pace and scope of fleet modernisation and upgradation will thus not only depend on market conditions and economic pressures but above all on Government support to such a systems approach and technological direction. Unfortunately, Government has so far not tangibly responded to effect the much needed reduction in excise duties on vehicles of high value, premium construction and exclusive design which are essential for such a modernisation. I would urge that the proposed automotive policy should identify vehicles such as multi-axle vehicles, truck-trailers and exclusive passenger vehicle designs, apart from fuel-efficient vehicles in all load classes, for special concessional duty structure.

The initiative taken by the Government in the last few years on upgradation on technology is indeed commendable. Similarly, liberalisation in the import of technology is a step in the right direction. We should not have any inhibition on this account as the world trade in the transfer of technology, even amongst the developed countries, continues to maintain an upward trend. However, import of technology should be allowed selectively and judiciously. Selective access to overseas technology should continue to be a valid route to ensure that state-of-the-art technological developments are assimilated and adapted to the Indian situation within the constraints of India's industrial size and structure. Successful assimilation and adaption of imported technology requires a strong inhouse R&D capability which must be genuinely developed.

I do hope that some of the critical issues which I have raised above will receive a sympathetic review from the policy-makers so that the road transport industry can serve the economy and the community more effectively.

Associate Companies

Ashok Leasing and Hire Purchase Limited (ALHP), promoted by your Company, has been able to record commendable growth in volume of business and improvement in profitability in over two years of it's operations. ALHP has been a source of significant support to your Company's operations, particularly in the Eastern Sector.

Automotive Coaches and Components Limited (ACCL), promoted in joint venture with Tamilnadu Industrial Development Corporation Ltd (TIDCO), has commenced operations with facilities for body building. Although the Company has faced initial problems, I am confident that it would establish itself as a successful business operation.

Directors

Consequent to the change of ownership of LRLIH Limited, their representatives in the Board have changed. Messrs N J Penn, P C Capon and C J S Woodwark resigned as Directors of the Company while in their respective casual vacancies Messrs F Sahami, S Portacolone and H Klingele were appointed.

Mr R Narayanan, Chairman of LIC, resigned and in his vacancy Mr N K Shinkar, Managing Director of LIC, was appointed as a Director of the Company.

I wish to place on record the deep appreciation of the Board of the valuable contributions of Messrs Penn, Capon, Woodwark and Narayanan during their tenures on the Board.

Mrs Raksha Saran, who has been on the Company's Board since its inception, has resigned. Mrs Saran has been a source of tremendous support and valuable guidance in shaping the destinies of the Company. May I, on behalf of the Board, record our utmost gratitude to the extremely constructive role played by Mrs Saran in the affairs of the Company. Though she has ceased to be a member of the Board, the Board has decided to honour her as Director Emeritus.

Dr D V Kapur who has been appointed as a Director in the casual vacancy caused by Mrs Saran's resignation brings with him his rich experience in Government and Industry.

Note: This does not purport to be a record of the proceedings of the Annual General Meeting.

Ashok Leyland

—steering the wheels of progress

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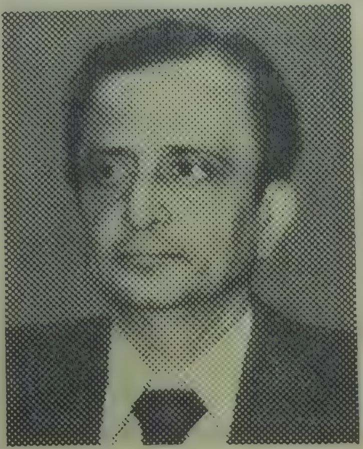


Chairman, MR.K.B.DAMLE's Speech at the 51st Annual General Meeting held on 29th June 1988, at Satara.

Ladies & Gentlemen,

The Bank continued to make progress in its business during the year 1987. Deposits of the Bank recorded a growth of over Rs.51 crores and crossed the mark of Rs.300 crores while advances reached the level of Rs.174 crores in the year 1987.

Banking environment, during 1987, was characterised by emphasis on house-keeping, efficiency, effective rural lending, productivity and profitability. Banks searched new avenues, viz. leasing, housing finance, stock market operations, mutual funds, credit cards etc. with a view to enhance the scope and range of financial services and profitability.

The Central Banking Authority took major policy measures such as changes in the structure of interest rates, stepping up of CRR & SLR in phases, promoting the bills financing activity, controlling the selective credit control advances, refinancing etc. in the interest of banking industry and the economy in general. The Reserve Bank of India continued to monitor the progress in implementation of the Action Plans of Banks and held periodical discussions at the top level to review the progress made by the Banks. These discussions have helped in guiding the operations of the Banks in the desired directions and also streamlining the functioning.

Preparation of an approach paper on 'The National Banking Plan' under the guidance of a High Power Committee constituted by IBA is an important development in the Banking Industry.

The Indian Economy displayed a remarkable resilience during the year 1987 recording a positive overall growth despite an unprecedented drought, which resulted in a negative growth in food production. This had an effect of inflationary pressures on the economy. Government has taken rightly various measures to minimise the severity of drought, maintain the essential supplies and improve industrial and investment climate in the country.

In order to boost the savings from the public in general, Government have come out with a number of schemes by offering more attractive schemes, such as Indira Vikas Patra, New National Savings Scheme, Kisan Vikas Patra, Rahat Patras, etc., which fetch more return, than that of Bank deposits. The process of disintermediation is gaining momentum. The task of deposit mobilisation, in general, and to the private sector banks, in particular, has become more difficult and complex. Changes in interest rates has reduced the spread and profitability has further squeezed. All these have significant implications for the Banking Industry and our very survival and growth in this competitive scenario is going to be an indeed challenging task. The situation calls for adoption of new marketing strategies and drive. There are still large rural areas untouched by banks. The various bank deposit schemes have not, so far, effectively reached uneducated sections of the population. It is, therefore, imperative that we shall have to tap new avenues for augmenting our business and income and for achieving it, build up requisite expertise and foster new work culture.

The deposits of our Bank registered a growth of 17.75% as against 16% at the industry level – over the 1986 level; thus taking the total deposits of the bank to Rs.339.57 crores level. This growth is more significant on the background of severe drought conditions in Maharashtra – the principal area of operation of the Bank and competition from several attractive savings instruments in the market. Bank's total credit went upto Rs.174.78 crores and recorded a growth of 15.94%.

The Bank continued to make conscious efforts to increase priority sector advances and took part in the several programmes of poverty alleviation giving special attention to weaker sections and agriculture. During the year, total credit to priority sector reached to Rs.71.90 crores. This constitutes 41.13% of total credit as against 40% prescribed by Reserve Bank of India. The performance of the Bank in lending to agriculture was quite impressive during the year under report. Bank's direct agricultural advances recorded an increase of more than 50% over last year. This has been possible due to new thrust to rural lending in general and schematic lending like lift irrigation, poultry, dairy, etc. in particular. The same thrust would be continued in future too, and with this I am sure the Bank will achieve the target of 17% of total credit to direct finance to agriculture within a couple of years. The performance of the Bank under schemes like SEEUY, IRDP, Financing to SC/ST, New 20 Point Programme, Small & Marginal Farmers, Agricultural Labourers, Artisans, & S.S.I. was also satisfactory. Export Credit has registered an impressive growth over 60%.

In order to achieve better supervision and effective rural lending, Bank has introduced 'Non-Public Working day' at its 33 rural branches during 1987. The remaining dozen or so will start observing this shortly.

The novel concept of "Service Area Approach" will fulfil the need of making rural lending more effective. Under the scheme, formulated by the Govt., the responsibility for assessing and preparing a viable action plan for 15/20 villages within its service area will be given to each rural and semi-urban branch of the commercial banks and regional rural banks in the country. This approach would call for appropriate training of the staff to develop the necessary skills, orientation and commitments. The trainers training programmes in this behalf have already started.

During 1987, Bank opened two rural branches and one extension counter; taking the total number of branches to 171 by the end of the year. Now, Bank has received RBI clearance for opening branches at two metropolitan cities, viz. Madras and New Delhi. Bank also proposes to open 4 rural branches during the 2nd half of 1988.

Several measures were initiated by the Bank to step up the quality of customer service. During 1987, the Bank has established 6 more customer service cells, taking the total to 12. We have already implemented the recommendations of the working group on customer service of giving immediate credit of outstation cheques upto Rs.2500/-, payment of interest for delayed collections and providing nomination facility in case of deposit accounts. We have provided ledger posting machines to 10 branches and propose to provide for another 10 branches. Teller System has been provided at 3 more branches during the year. In the context of changing demands and growing competition, there is a need to refurbish and sharpen the customer service from time to time.

The net profit of the Bank for the year 1987 is Rs.36.24 lacs. A sum of Rs.25 lacs has been transferred to Reserve Fund. Reserve Bank of India has approved our Directors' proposal to maintain dividend at 15%.

In a service oriented industry, like ours, Man Power is the key input. Human beings have a tremendous latent capacity, which if properly moulded and trained can show remarkable results. While the Bank's training centre at Satara has been performing a commendable job in training staff at different levels the need for devising new courses and reviewing existing ones is recognised and suitable steps have been initiated in this regard.

While Indian Banking has made remarkable progress both in quantitative and qualitative terms in the last few years, there is no denying the fact that stresses and strains have been felt in many vital areas like customer service, housekeeping and management information needs. Unless timely action is taken, the situation would become problematic. Adoption of modern technology to overcome the situation is not just a fanciful idea or for the purpose of sophistication only but for achieving qualitative improvement in customer service, house-keeping and other operations. This is all the more relevant in the context of the emphasis on higher productivity and limiting staff recruitment to the very minimum as per the norms laid down by RBI.

Bank continued to motivate the staff by the award of trophies and merit certificates. This has helped us to encourage a healthy competition amongst the branches and staff. It is also proposed to introduce a Best Regional Trophy from the current year.

Private Sector Banks in the country are facing the challenge of survival on the background of disintermediation process and discriminatory treatment meted out by the Govt. Departments and Public Sector Bodies. There is continuous pressure from Central Banking Authority to improve productivity C:D ratio and owned funds. In order to cope up with the situation, it is imperative that the Private Sector Banks in the country come together and collaborate in several areas of working. A first step in this direction was taken by our Bank in September 1987 by arranging a meeting of the Chairmen of Private Sector Banks in Maharashtra. This was followed by another meeting at Bangalore in November 1987. Now, a standing body for Private Sector Banks has been formed under the aegis of IBA.

The idea of floating a company to enter into leasing and hire purchase business, jointly with other Private Sector Banks in Maharashtra or on our own is expected to take shape in few months.

The Reserve Bank of India has directed to augment the owned funds to a level of 2.5% to the deposit liabilities. In the absence of prospects of capital appreciation, I request the Government Authorities and Reserve Bank of India to give encouragement and support in this regard by way of tax concession to the shareholders for new investment in Bank's shares and some direct contribution by R.B.I. in the form of preference shares carrying a modest rate of interest and tax concession to the Banks for building up reserves.

Our Board of Directors have proposed to increase the share capital by Rs.25 lacs by issuing Right Shares in the ratio of 1:3 to the existing share holders.

Industrial relations in our Bank were cordial during the year. Issues relating to officers and award staff employees were sorted out amicably.

On behalf of the Board and on my behalf, I thank the customers, the shareholders, well wishers and the staff for the continued support, advice, co-operation and assistance. I thank the officials of the Reserve Bank of India for their valuable help and guidance.

THANK YOU.

K.B.DAMLE
(CHAIRMAN)

Note– *This does not purport to be the proceedings of the Annual General Body meeting.*

PARKERSON 88

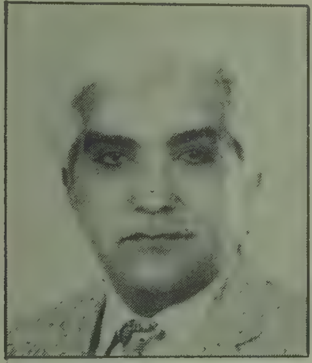
S. DORESWAMY has been appointed executive director of Dena Bank.

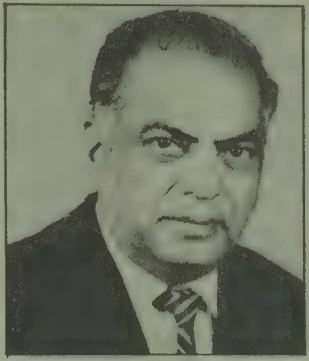
RAJENDRA SINGH has taken over as director (personnel) at National Thermal Power Corporation Ltd.

P.P. MADAPPA has been appointed managing director of Karnataka Antibiotics and Pharmaceuticals Ltd.

N. NAMASIVAYAM has been appointed executive director of Indian Overseas Bank.

K.A. IYENGAR has been appointed joint managing director of Mather and Platt (India) Ltd.


HARISH KAPOOR has taken over as managing director and chief executive, Impact Advertising Pvt Ltd.


V.A. SANGHANI, executive director of Gujarat State Fertilizers Company, has been appointed as a member of the board.

N.M. MISTRY has been promoted to the post of executive director of Central Bank.

TUHIN KUMAR DAS has been appointed director, engineering (western region) in Oberoi Hotels, Bombay; G.H. SHARMA has been designated director, personnel (western region); T.K. MIDDE is now personnel manager and PREM SHARMA and BIPAN KAPUR have become assistant food and beverage managers.

M.B. RAMGADIA has taken over as Indianoil's general manager for the southern region.

R.P. MEDHEKAR has assumed charge as general manager, pipelines, of Indian Oil Corporation.

S.D. BENDRE has been promoted to the post of general manager of Bank of Maharashtra.

J.C. BHAM has been promoted to the position of company secretary of Otis Elevator Company (India) Ltd, Bombay.

Lt Col INDERJIT SINGH has been appointed managing director of Punjab Communications Ltd.

ASSOCIATIONS

B. de SOUZA has been elected president of the Association of Indian Automobile Manufacturers.

R. VENKATESAN has been unanimously elected the new chairman of the Fertilizer Association of India, western region.

K.K. ARORA and M. SREENIVASA RAO have been elected president and vice president of the Greater Mysore Chamber of Industry.

SHEKHAR BAJAJ has been elected president of the Electric Lamp and Components Manufacturers' Association of India.

SHIVABHAI R. PATEL has been made the first elected chairman of Gujarat Co-operative Oilseeds Growers' Federation Ltd.

M.C. MUTHIAH has been elected president of the Federation of Automobile Dealers Association.

ARUN SANGHI has been elected chairman and G.G. KAPADIA has been elected vice chairman of Automobile Dealers Association of Maharashtra Ltd.

KISHORE V. MARIWALA has been elected regional chairman (western region) of Indian Chemical Manufacturers Association.

BALKRISHNA DALMIA has been elected president of The East India Jute & Hessian Exchange Ltd.

P.M. SINHA and P.B. BHARDA have been appointed president and vice president of the Indian Soap and Toiletries Makers' Association.

SUSHILA RAO has been elected president, Hyderabad Management Association.

VIKRAM B. KALIA has taken over as the president of Bombay Industries Association.

A.S. VARMA and H.K. MODI have been nominated as president and vice president respectively of Magadh Stock Exchange Association.

Senior executive positions

A compilation of executive positions advertised in **Business India** and other major publications between 4 July and 17 July 1988.

WEST

GENERAL MANAGER (Marketing) * Bombay * *Sal* In line with those of senior managers of Tata grp * *Age/Qlfn* Mid-forties * not stated * *Reqd* Experience in a service industry like advertising, publishing, tourism, hotel, etc; exposure to print buying/selling desirable * *Resp* Develop customer-oriented mktng approach for Tata Press create a mktng orgnsn to meet the challenges of a competitive environment, develop and implmnt mkt penetration strategies thru concept selling * *Cont* Code MS/4796, A.F.Ferguson Associates, Post Box 1786, Bombay 400001 (TOI-11.7)

GENERAL MANAGER * Wardha, Maharashtra * *Sal* Attractive * *Age/Qlfn* 40-45 years * Graduate/post graduate in metallurgical/mechanical eng wth pst grad qual in management * *Reqd* 15-20 years experience, 5 years in top management position, 5 years in project implementation * *Resp* Overall management of the manufacturing operations including maintenance and quality control of cold rolling mill complex * *Cont* Vice-president, Inland Steel Limited, 43, Mittal Court, B Wing, 224 Nariman Point, Bombay 400021 (TOI-13.7)

GENERAL MANAGER (Commercial) * Pune * *Sal* NS * *Age/Qlfn* NS * CA and company secretary * *Reqd* 10 to 15 years experience including 3 years at senior management level with reputed company * *Resp* Finance, secretarial, legal and administration functions; MRTP, FERA and company law matters, corporate taxation and liaison with banks and financial institutions * *Cont* The President, Sulzer India Ltd, 2nd floor, CEAT Mahal, 463 Dr.Annie Besant Road, Worli, Bombay 400025 (BI-24.7)

EXECUTIVE VICE-PRESIDENT (Mktg) * Bombay * *Sal* Excellent + housing * *Age/Qlfn* 40-50 years * BE (chemical), preferably with MBA * *Reqd* Established marketing professional with proven skills in industrial and/or consumer marketing; must be occupying similar position in reputed company * *Resp* Sales, mktng and distribution functions; provide long term orientation to mktng efforts, set and achieve short term growth and profit targets, contribute to policy-making and development * *Cont* A.F.Ferguson Associates, PO Box 1786, Bombay 400001 (BI-24.7)

NORTH

CHIEF EXECUTIVE * New Delhi * *Sal* Attractive + profit participation * *Age/Qlfn* Not stated * Not stated * *Reqd* Person to set up a new company in the financial services industry, shld hv exprnce in the fld, shld be knowledgeable about where growth opportunites lie & hv capability to exploit opportunities * *Cont* Mahesh Chandra, Personnel Selection & Development Pvt Ltd, 50 Anandlok Colony, New Delhi 110049 (TOI-14.7)

GENERAL MANAGER * New Delhi * *Sal* Will match best in ndustry and negotiable * *Age/Qlfn* 35-45 years * BE(mech) & MBA from reputed institution * *Reqd* 5 years in senior role in project management, exposure to refrigeration and process machinery required * *Resp* Prepare feasibility report, advise on selection of machinery & implement expansion project of food processing unit; process manufacturing, engneering, technical & administrative functions — in essence * *Cont* Ask Management Consultants, 308 Vaikunth House, 82-83 Nehru Place, New Delhi 10019 (BI-24.7)

EAST

MANAGING DIRECTOR * Calcutta * *Sal* Attractive & negotiable * *Age/Qlfn* 45-55 * BE or CA * *Reqd* Techno-commercial experience and leadership qualities * *Resp* Total oprtns twrds achvng sls volume & profitability goals of engineering company engaged in the execution of turnkey contracts in various industries. * *Cont* ABC Consultants Pvt Ltd, 43/3 Hazra Road, Calcutta 700019 (BI-27.4)

SOUTH

PRESIDENT * Madras * *Sal* Excellent * *Age/Qlfn* 45-52 * BE * *Reqd* Prvn trck record as prft cntr head wth capabilities for providing top lvl inputs in all functnl areas; exprnce in electrical ind prefrd & top general mngmt skills, contacts wth govt, etc. * *Resp* Product development, manufacturing, quality, mktg, finance, materials, personnel, etc; streamline oprtns, develop & motivate personnel for better task orientation, higher productivity, cost reduction etc. * *Cont* ABC Consultants Pvt Ltd, 4 Jagannathan Street, Madras 600034 (BI-24.7)

OVERSEAS

COUNTRY MANAGERS * Dubai * *Sal* Above Dhs 8, 000 p.m. + perks * *Age/Qlfn* Late thirties * Not Stated * *Reqd* Prvn trck rcrd of mktng complete computerisation solutions wth one of the country's leading computer manufactures, 5 years exprnce at a senior mngmt lvl, preferably as regional manager * *Resp* Complete business responsibilities for one or more countries, expected to develop and implement comprehensive business plans in conjunction with local distributors. * *Cont* Code MS/4901, A.F.Ferguson & Co, Post Box 1786, Bombay 400001 (TOI-10.7)

DIRECTOR, UNIFEM * New York * *Sal* Attractive * *Age/Qlfn* NS * Postgraduate university degree in social sciences or development-related fields * *Reqd* A wrkng knwldge of socioeco & poltcl issues rltd to women in dvlpng cntris, 17 yrs of exprnce in intl devlpmnt cooprtn actvts, familiarity wth UN system, exclnt wrtn & spkn Eng, proficncy in French * *Resp* To design approaches to human resources development which ensure involvement of women in developing countries, manage financial and human resources of UNIFEM. * *Cont* Chief, Recruitment Section, Division of Personnel, UNDP, One United Nations Plaza, New York, NY 10017, USA (Econ-16.7)

GROUP FINANCIAL CONTROLLER * Dubai * *Sal* Top management salary + perks * *Age/Qlfn* NS * CA * *Reqd* 10-15 yrs post qlfn exprnce, 5 years at senior most level in the areas of formulation/implementation of fincl pols/plns, fincl accntng & mngmt, wrkng cptl mngmt, corprt tax plng, cstng intrnl audit, EDP etc * *Resp* Head finance function to oversee & support massive expnsn & divrsifctn plns of MNC focussed on food prods/prcsng, cold storages, intl trd & mfg of edibles * *Cont* Business India, Wadia Building, 17/19 Dalal Street, Bombay 400001 (BI-24.7)

Sal — salary; *Age/Qlfn* — age and qualifications; *Reqd* — required; *Resp* — responsibility; *Cont* — contact

Executive positions

ToI — Times of India; *H* — Hindu; *S* — Statesman; *HT* — Hindustan Times; *ET* — Economic Times; *Econ* — Economist; *BI* — Business India

NATIONAL

CORPORATE COMMUNICATIONS MANAGER * Bombay * *Sal* Comparable with the best * *Age/Qlfn* Not stated * Not stated * *Reqd* 5-7 years experience in a similar position, handling industrial advertising in a large organisation or an advertising agency, experience in handling product launches. * *Resp* Overseeing the company's communication programme * *Cont* The General Manager, Hinditron, Eros Cinema Bldg, 5th floor, 42 Maharshi Karve Road, Churchgate, Bombay 400 020 (TOI-4.7)

GENERAL MANAGER (Export/Third Cntry Trdng) * Calcutta * *Sal* Excellent * *Age/Qlfn* 40-48 years * Not stated * *Reqd* 10-15 years experience with proven track record in international trading, 5 years at a senior level, contracts with international buyers and sellers, knowledge of foreign language an advantage. * *Resp* Overall responsibility for independently developing and running international trading business including export and third-country trading in commodities, engineering and non-engineering items. * *Cont* Tushar Basu, Director, Analytic Consultancy Bureau Private Ltd, P-34, Block-H, New Alipore, Calcutta 700053 (TOI-4.7)

REGIONAL SALES MANAGER * Lucknow/Delhi/Bom/A'bad * *Sal* Rs.75, 000 + benefits * *Age/Qlfn* Not stated * Bachelor's degree, MBA preferably * *Reqd* 7-10 years of experience in effective personal selling and successful sales management, last three years in a managerial position * *Resp* Will design and implement innovative strategies in a dynamic and competitive environment to achieve high performance levels in sales, collections, customer satisfaction and territory development. * *Cont* Code HCL/07/001, Corporate Personnel Manager, HCL Limited, 5th floor, Bajaj House, 97 Nehru Place, New Delhi 110 019 (TOI-7.7)

REGIONAL MANAGER * Calcutta * *Sal* Rs.100, 000 + perks * *Age/Qlfn* * Preferably an MBA from premier institution * *Reqd* Experience of more than 8 years in any mass consumption products company of national repute, ability to react quickly to constantly changing environment * *Resp* NS * *Cont* The General Manager (HRD), United Breweries Group, UB House, 1 Grant Road, Bangalore 560 001 (S-8.7)

PROFIT CENTRE HEADS * Lucknow, Jaipur, Patna * *Sal* Attractive + housing + car, etc. * *Age/Qlfn* * Management graduate * *Reqd* Proven general management ability and sound marketing background, experience of 10 years with atleast 10 years as head/deputy head of an independent operations; currently salary should be Rs.60,000 * *Resp* Planning & implementation of marketing, financial planning and control, overseeing manufacturing facilities and industrial relations, liaison with major customers, authorities, etc. * *Cont* A.F.Ferguson Associates, Hansalaya, Barakhamba Road, New Delhi 110001 (BI-24.7)

OVERSEAS

PROJECT OFFICER (Economic) * London * *Sal* Stg.Pnd 14, 064-Stg.Pnd 20, 724 * *Age/Qlfn* * Economics honours degree and at least two years relevant postgraduate experience * *Reqd* Should be Commonwealth citizens, exposures to micro computers and spread sheet packages desirable; initiative in research and ability to produce reports in clear concise English. * *Resp* Required to compile surveys of the terms of concessions agreements and tax regimes for the development of natural resources, undertake computer-based financial and eco.analysis, review debt indicators. * *Cont* With three references, Chief Personnel Officer, Commonwealth Secretariat, Marlborough House, Pall Mall, London SW1Y5HX, United Kingdom (Econ-2.7)

BRANCH MANAGERS * Saudi Arabia and Kuwait * *Sal* Rs.17,000 - 21,000 + perks * *Age/Qlfn* Not stated * Graduates preferably holding post graduate mktg.mngmt qualification * *Reqd* 8 years experience in sales/marketing * *Resp* not stated * *Cont* Code VP-135, Beam Services, 1, Colaba Chambers, 117, Wodehouse Road, Colaba, Bombay 400005 (HT-8.7)

AREA SALES MANAGER (Banking system) * Dubai * *Sal* Above Dhs 7,000 p.m. + perks * *Age/Qlfn* 35 years * not stated * *Reqd* A successful track record of sales of mini and micro computers, specialisation in the application of computer systems in the banking sector, thorough familiarity with banking systems. * *Resp* Marketing the company's banking related hardware and software products, expected to interact at the seniormost levels in the client organisation. * *Cont* Code MS/4902, A.F.Ferguson & Co, P.O.Box 1786, Bombay 400001 (TOI-10.7)

COMPUTER SECTION HEAD * Bahrain * *Sal* BD 366 p.m. * *Age/Qlfn* Not stated * Not stated * *Reqd* 10 years experience in systems design, development and maintenance preferably in NCR 9300 or similar hardware * *Resp* Will be in charge of the computer section's day-to-day activities, will also be responsible for developing customer oriented programmes in COBOL. User training, modernisation of methods. * *Cont* K.A. Madhavan/M.R. Vadhar, Executive Directors, Creative Management Consultants Services P.Ltd, 21-Atlanta, Nariman Point, Bombay 400021 (TOI-10.7)

SENIOR ADMINISTRATIVE/FINANCE OFFICER * Vanconver * *Sal* Comparable to administrative posts in Canada * *Age/Qlfn* Not stated * Not stated * *Reqd* Experience of public administration and financial management preferably in an international context. * *Resp* Developing management procedures and the financial framework for the Commonwealth governments to promote co-operation in distance education * *Cont* Commonwealth of Learning, Attention: Mr. P.R.C. Williams, The Commonwealth Secretary-General, Marlborough House, Pall Mall, London SW1 5HX (Econ-16.7)

PPS

MANAGEMENT PROFESSIONALS
STEEL/ENGINEERING INDUSTRY

Western India

Excellent Pay +
House and Car

Our clients, a fast expanding industrial group, are engaged in the manufacture of rolled steel and processed steel products. Modern plants are set up in western and central India in collaboration with world leaders in respective fields. The plants are being commissioned shortly. The turnover is at present over Rs. 100 crores and is expected to reach Rs. 250-300 crores in another year. Besides these, the group has plans to set up new projects with substantial investments in different parts of the country. The Company is now looking for dynamic professionals who could be placed at senior levels.

PRESIDENT

The incumbent will be responsible for the entire management of the Company, reporting to the Managing Director. Dynamic, well-qualified techno-commercial personnel with a minimum of 20 years of experience in related industries at a very senior level would be suitable for this position. Desired age group: 45-50 years.

VICE PRESIDENT—MATERIALS

His responsibilities will include entire procurement operations of the indigenous and imported materials valued Rs.150/200 crores per annum. Suitable candidates for this position will preferably be Engineers with post graduate qualification in materials management. They should have 15/20 years of experience in large engineering organisations. Experience in Computerised inventory management system will be advantageous. Age 40-50 years.

VICE PRESIDENT—FINANCE

The incumbent will head the Finance and Accounts Department of the Company. Suitable candidates should be Chartered Accountants/MBAs with 15-20 years of relevant experience. The job involves resources planning, investment planning, budgetary control, cash flow management and liaison with banks and financial institutions among other things. Age 40-50 years.

VICE PRESIDENT—MARKETING

Selected candidate will lead a team of senior managers, marketing different products through a network of branches and agents/dealers. He will also be responsible for the development of export market. The candidates suitable for this assignment should be dynamic marketing professionals with at least 15/20 years of experience in marketing preferably steel/steel based engineering products. Candidates with engineering and management qualifications in marketing will have an advantage. Desired age group 40-50 years.

The Company offers very attractive compensation package which will be comparable with the best offered in the industry. For the right candidate, compensation will not be a limiting factor.

Interested candidates may apply in confidence within ten days with biographical particulars including details of present employment and current emoluments, together with a passport-size photograph to :

PERSONNEL & PRODUCTIVITY SERVICES
(A Division of Tata Consultancy Services)
148, Mahatma Gandhi Road
Bombay 400 023

CHAITRA - B - PPS - 12

THE ATUL PRODUCTS LIMITED

SHILPUTSI CONSULTANTS have been retained to recruit

COMPANY SECRETARY/ FINANCE MANAGER

for one of Atul's Associate Companies

Atul Products and its associate/subsidiary Companies form one of the largest chemical complexes of its kind in Asia. The combined sales turnover exceeds Rs. 300 crores per annum. There are 6000 employees. Manufacturing facilities are spread over 300 acres. Atul Products manufactures over 500 products comprising dyes, intermediates, commodity chemicals, bulk drugs and agrochemicals. The Company forsees further growth with expansion and diversification.

The position is located at Atul, which is situated only 200 kms north of Bombay in Gujarat State. There is an extremely well planned township with all modern amenities, including schools, hospitals, etc.

We are looking for a Company Secretary/Finance Manager for our Associate Company.

The incumbent will be responsible for finance, accounting, secretarial and legal functions of the Company. He will report to the Managing Director. This is one of the top positions in the Company.

The candidates should have excelled in their academic career. Candidates having ICWA will have an advantage. Experience of about 5 years in a medium-sized company is essential.

Salary will not be a constraint for the right candidate.

Please write in confidence to:

Tarun Sheth
C/o. SHILPUTSI CONSULTANTS
P.B. No. 9386
Bombay 400 026.

Shilputsi

HEAD OF PERSONNEL

Bombay

Around Rs. 1 lac p.a.
+ house and car

A large well known company wishes to recruit an outstanding professional to head the personnel function at its corporate office. The company has about 2000 employees and is reputed to be highly professional and well managed.

The Head of Personnel will head a team of HRD specialists and will be responsible for developing an organisation of the highest calibre through meaningful and innovative organisational processes and HRM systems. He will be responsible for all aspects of human resources management including recruitment, performance appraisal, training and management development, salary administration, etc.

Applicants must have a post graduate degree in personnel management from a reputed institute and at least 5 years experience at a senior level in a progressive organisation. Exposure to all areas of personnel management is essential. Preferred age: around 35 to 40 years.

The remuneration package will be in line with the best in industry and will include all usual senior management perks such as housing and car.

Please apply in strict confidence within 10 days to:

A. F. Ferguson Associates
Post Box 1786
Bombay 400 001

giving full particulars of age, qualifications, experience and salaries drawn. All applications and envelopes should be marked "Ref: MS/4799."

ENFIELD

requires for its Two Wheeler Division

GENERAL MANAGER (OPERATIONS)

The **ENFIELD** Group is a diversified, multi-unit, multi-product Group. The current turnover of the Enfield Group is approximately Rs. 75 crores and is expected to increase rapidly in the future.

THE ENFIELD INDIA LIMITED, the flagship company of the ENFIELD Group manufactures and markets the largest range of two wheelers besides Agro Engines and Gensets. It has three manufacturing Divisions – the Bullet Division and Agro Engines Division at Madras and the Two Wheeler Division at Ranipet.

The other Companies in the Group are **Enfield Electronics Limited, Enfield Business Finance & Leasing Limited** and **Enfield Mofa Limited.**

THE DIVISION: The Two Wheeler Division at Ranipet with an investment of Rs. 30 crores is among the most modern Two Wheeler factories in India manufacturing Silver Plus, Explorer & Fury for the domestic and export market. The plant has an installed capacity for 6000 vehicles per month with plans to expand it to 10,000 vehicles per month. It has a strength of 1130 employees with excellent manufacturing facilities including NC/CNC machines.

THE JOB:

The General Manager (Operations) of the Two Wheeler Division will be responsible for

- Achieving manufacturing targets productwise
- Increasing productivity and ensuring profitability of the Division
- Optimising resources at the Division – men, money & machines.
- Establishing, leading and integrating a team for achieving desired results

Towards achievements of the above he will be supported by a team of senior functional Managers, both technical & administrative.

He will report to the Profit Centre Head of the Division.

THE PERSON:

Graduate Engineer with a minimum 15 years of related experience in the Automobile Industry preferably in the Two Wheeler Industry. Ability to lead and motivate a team in a highly competitive, cost and quality conscious market is a pre-requisite.

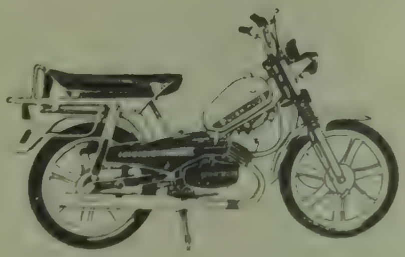
THE REMUNERATION:

Remuneration will not be a constraint for the right individual and is negotiable.

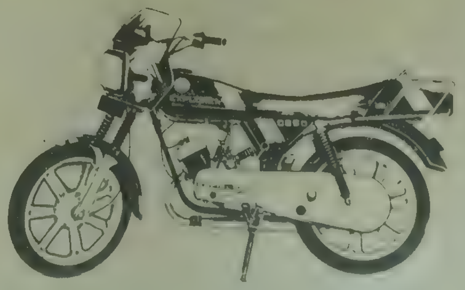
THE LOCATION:

Ranipet is an industrially developing area around 100 kms from Madras. It is located close to Vellore and has good educational, medical and other facilities.

If you are confident of making a success of this challenging assignment write in confidence within ten days marked "PERSONAL" to **Mr. Sanjiv G. Pallikal, Corporate Manager-Personnel** at



THE ENFIELD INDIA LIMITED
"Enfield House"
115, Anna Salai
Madras 600 015



All applications will be treated in strict confidence.

TRISTAR
BOYDEN

A highly successful growth oriented multinational, manufacturing industrial products, has diversified its activities into the manufacture of PVC flooring. The company is now on the look out for dynamic and result oriented professionals.

GENERAL MANAGER
FLOORING DIVISION
BOMBAY

The ideal person would be a qualified professional preferably an MBA in the age group of 40-50 years, with a first class track record in marketing consumer products in a multinational company of repute. Good contacts in the construction industry would be a distinct advantage. The incumbent will take complete charge of this division as a profit centre head. He should be excellent in man management and be able to control manufacturing and finance functions. The compensation package is excellent and includes housing and a chauffeur driven car.

FACTORY MANAGER
INDUSTRIAL PRODUCTS DIVISION
BOMBAY

To meet the demands of this responsible position, it is essential that the candidate has a manufacturing background, qualifications and technical abilities, preferably in Mechanical Engineering/Industrial Management. Sufficient experience in man management with emphasis on problem solving skills in industrial relations is imperative. The candidate must be good at budgetary control and cost reduction techniques. Experience of having worked in a process industry would be an advantage. The age should be around 40 with at least 5 years experience at a senior level.

For the ideal candidate the remuneration package is very attractive and will not be a constraint.

Please meet personally or mail your bio-data with photograph and contact phone numbers within 10 days to:

TRISTAR
CONSULTANTS
(Leaders in Executive Search)
IN AFFILIATION WITH BOYDEN ASSOCIATES INC. NEW YORK, U.S.A.
616, Maker Chambers V, Nariman Point, Bombay 400 021.
Tel: 233905/240377/2043426.

TC/135A/88R

Binatone

Binatone Electronics needs the following professionals for its expansion programme:

GENERAL MANAGER: FINANCE (GM:F)

Will be completely responsible for the Finance and Accounts Department of the Company. Experience at a senior position in multi-division/multi-unit companies of 100 crore plus turnover is essential.

The candidate should have strong administrative skills. Chartered Accountants in the age group of 35-45 years are requested to apply. Candidates with exceptional merits may be considered for the position of Vice President - Finance.

GENERAL MANAGER (MARKETING)

Professionals with experience in marketing of consumer durables at a senior level. The candidate should be in the age group of 35-45 years. MBA qualification is desirable but not essential.

GENERAL MANAGER (AREA SALES SERVICE)

The Company lays emphasis on a strong, national after sales service support. Engineering qualification with after sales service experience at a senior level in national companies dealing in consumer durables is essential.

Strong administrative skills are also essential.

GENERAL MANAGER: QUALITY ASSURANCE (GM:QA)

The incumbent will be responsible for all aspects of quality control including incoming quality control, in process quality control and final product quality assurance. Electronics Engineering background with quality control experience at a senior level is essential.

The position reports to the Chairman.

GENERAL MANAGER: ENGINEERING (GM:E)

The incumbent will be responsible for all engineering functions of the Company.

Electronics engineering background with R&D/and or engineering experience at a senior level is essential.

All positions are based at the factory near Delhi, or at Delhi.

Please apply in confidence within 10 days giving all details and marking the code on the envelope and the application to:

SR. DY. MANAGER (P&A)
BINATONE ELECTRONICS P. LTD.
B-58, SITE IV, INDL. AREA SAHIBABAD-201010

Binatone

SENIOR MANAGER
MANAGEMENT DEVELOPMENT & TRAINING

BOMBAY

Attractive Salary

Our client, a large public limited company with a turnover of over Rs. 600 crores and employing about 15,000 people, is looking for a person to head the training and management development functions of one of their divisions.

The incumbent would be responsible for organisation development, manpower planning, performance appraisals, job evaluation and career planning. He would also conduct training and development programmes for junior and middle management officers.

Candidates should preferably be engineering graduates with post graduate qualifications in personnel management and with proven skills in organising and developing meaningful training programmes. Candidates should have ability to effectively liaise with line managers.

The remuneration would be commensurate with experience and would carry attractive benefits like contributory provident fund, gratuity, LTA, medical, car allowance, etc.

Preferred age: around 40 years.

Please apply in strict confidence within 10 days to:

A.F. Ferguson Associates
P.O. Box 1786
Bombay 400 001

giving full details of age, qualifications, experience and salaries drawn. All applications and envelopes should be marked "Ref: MS/4909." Candidates not contacted within 3 months may assume they are not being considered.

EXCELLENT OPENINGS – NIGERIA

HIGH SAVINGS

Our client is a reputed industrial group with diversified interests and major presence in Nigeria which includes a large composite textile mill, a large mechanised cotton farm and an integrated oil plant (expellers, solvent extraction and refining) under commissioning.

COMMERCIAL MANAGER

Edible oils

He will handle the commercial activities of the oil business. Ideal candidates are expected to be senior professionals with long experience in edible oils and oil seeds trade particularly in bulk buying and bulk selling. Exposure to international trade in oil extractions and oil cakes will be an advantage. Preferred age around 35 years. **(Ref.No.SB/F-3079).**

EXTENSION SERVICES MANAGER

Besides its own 3000 hectare cotton farm, the company is actively involved in promotion of cotton cultivation through extension services for which it requires 2 additional Extension Managers. Ideal candidates are expected to be graduates/post graduates in Agriculture with 7-8 years experience in promotional and extension activities. Preferred age group 30-35 years. **(Ref.No.CMP/F-3080).**

EXPORT MANAGER

Textiles

He will be responsible for promoting exports of cotton and blended yarn, grey cloth and finished fabrics manufactured at company's modern mills in Lagos. Applicants should have a good degree preferably with post graduate qualification in Management or foreign trade and 7-10 years experience in marketing of textiles including minimum 5 years experience in exports. Thorough knowledge of textile export trade/market is essential. Preferred age 30-35 years. **(Ref.No.CMP/F-3073).**

FINANCE MANAGER

He will be responsible for total accounting and financial function of the group's large scale trading operations. The job involves financial planning, finalisation of accounts, banking and MIS. Applicants are expected to be Chartered Accountants with 5-10 years post qualification experience in a large multi divisional organisation. Exposure to computerised accounting desirable. Preferred age group 30-35 years. **(Ref. No. UAD/F-3081).**

Very attractive terms with high savings potential will be negotiated for these important positions. Benefits include furnished family accommodation, car, medical and annual leave with passage.

Apply within 10 days quoting relevant Ref. No.

DATAMATICS STAFFING SERVICES
Post Box No 106 G.P.O. Bombay-400 001.

Diason

BHUTAN
BOARD PRODUCTS LTD.

We are a professionally managed joint venture undertaking of the Royal Government of Bhutan. We have set up a sophisticated plant for the manufacture of particle boards in technical collaboration with M/s. G. Siempelkamp GmbH & Co. of West Germany, using the latest world-class technology. The project, with an investment of Rs.23 crores, is scheduled to launch commercial production shortly. Expansion and diversification plans have been actively implemented. New products will include glue/adhesives and knock-down modular furniture. Our consultants are M/s Fahrni InstituteAG of Switzerland.

We offer challenging career opportunities to:

MANAGER – FINANCE (Code BB-010/88)

Gross salary Rs.5,000/- p.m. plus furnished accommodation and conveyance.

He should be a Chartered Accountant or Cost Accountant with minimum 7 years' experience in a managerial capacity in a large company, having handled sales and purchase accounts, preparation of budgets and financial reports, and with experience in liaison with financial institutions.

Preferred age: 30 – 35 years.

DEPUTY MANAGER – ADMINISTRATION (Code BB-011/88)

Gross Salary Rs.4,000/- p.m. plus furnished accommodation and conveyance.

He should have a post graduate degree/diploma in Personnel Management/Industrial Relations or M.B.A. with specialisation in Personnel Management. He should be well-acquainted with all aspects of industrial relations, manpower-planning, recruitment, welfare activities, besides general administration.

Preferred age: Around 35 years.

EXECUTIVE ASSISTANT (Code BB-012/88)

Gross salary Rs.3,000/- p.m. plus furnished accommodation.

He should be a graduate with minimum 5 years' experience in a reputed organisation in assisting top management in handling corporate and commercial matters and day-to-day administration. He should have strong planning/writing skills. He should be creative, energetic, responsible, and capable of delivering excellence.

Preferred age: Around 30 years.

The positions will be based at our offices at Phuntsholing (near the Indian border) and Tala (55 Km. from Phuntsholing).

Please apply in strict confidence within 10 days giving details of age, qualifications, experience and salary drawn. All applications and envelopes should be marked with appropriate code reference and addressed to:

Jt. Managing Director,
Bhutan Board Products Limited
P.O. Box 91
Phuntsholing
BHUTAN.

A LARGE AND REPUTED BUSINESS HOUSE WITH A PROGRESSIVE MANAGEMENT PHILOSOPHY IS LOOKING FOR SENIOR AND MIDDLE MANAGEMENT PERSONNEL WITH INITIATIVE, DRIVE AND LEADERSHIP ABILITY. THE REQUIREMENTS ARE FOR AN EXPANDING ENGINEERING WORKS OF THE GROUP LOCATED IN THE OUTSKIRTS OF CALCUTTA :

1. MANAGER - WORKS

A matured Mechanical Engineer well experienced in all aspects of rivetted and welded mass fabricated structures.

Experience: Minimum 15 years in a medium/large engineering factory and capable of taking independent charge of all production shops and related departments.

Preferable age: Around 40 years

2. MANAGER - MAINTENANCE

Graduate in Mechanical Engineering.

Experience: Minimum 15 years of in-depth technical knowledge and hands-on experience in maintenance and overhauling of general machine tools, cranes, compressors, fabrication equipments such as hydraulic presses, horizontal/vertical borers, machining centres, welding machines, etc.

Preferable age: Around 45 years

An attractive compensation package is envisaged for the right candidates. Please apply in strict confidence within 10 days to Box.................. Business India, 'Krishna Villa', 100 Park Street, Calcutta - 700 017 and mark the envelope and enclosures with respective job titles.

MANAGERIAL OPPORTUNITIES FOR SALES PROFESSIONALS

LEADERSHIP
BUILT ON TRUST

HCL LIMITED, the fastest growing company in Information Technology and Office Automation, is today a Rs. 100 crore company, projected to swiftly grow to Rs. 250 crores by 1990.

Our success has been primarily due to our people, who have always thought big and have executed these big ideas through a blend of discipline with informality; structured thinking with creativity and dynamism.

The massive expansion programme of **HCL Limited** has created Managerial opportunities at various levels. We need proven sales professionals with exceptional calibre to occupy the following positions in our **COMPUTER, COMMUNICATIONS AND REPROGRAPHICS DIVISIONS.**

REGIONAL SALES MANAGER

— RS. 75,000/- P.A. + CAR LEASING, HARD FURNISHING AND OTHER ATTRACTIVE BENEFITS.

Lucknow/Delhi/Bombay/Ahmedabad/Hyderabad/Guwahati

Will design and implement innovative strategies in a dynamic and competitive environment to achieve target oriented performance levels in terms of sales, collections, customer satisfaction and territory development. Should be able to lead and enthuse a team of ambitious young sales professionals by demonstrating a high degree of market sensitivity, team building ability and a forceful personality.

Should have a Bachelor's Degree, preferably backed by an MBA, with 7-10 years of experience in effective personal selling and successful sales force management. The last three years must be in a managerial position.

AREA SALES MANAGER

— RS. 55,000/- P.A. + ATTRACTIVE BENEFITS

Delhi/Jaipur/Indore/Chandigarh/Guwahati/Hyderabad/Bangalore/Cochin/Coimbatore

Will be responsible for planning, monitoring and controlling the sales operations in at least two states independently. Strong managerial skills are essential to ensure that several assignments can be handled at the same time, in a professional manner. Should be able to lead and motivate a team of dynamic sales professionals.

Should be an Engineer/MBA with 4-6 years of relevant experience.

FRESH ENGINEERS/MBAs WILL BE CONSIDERED FOR MARKETING TRAINEE POSITIONS IN ANY OF OUR DIVISIONS.

IF YOU ARE INTERESTED IN BEING ASSOCIATED WITH THE COMPANY THAT SETS STANDARDS, YOU MAY SEND YOUR RESUME INDICATING QUALIFICATION AND EXPERIENCE, SUPERSCRIBING THE POSITION, TITLE, CODE NO. HCL/07/001 ON THE APPLICATION AND ENVELOPE WITHIN 10 DAYS TO :

CORPORATE PERSONNEL MANAGER
HCL LIMITED
5TH FLOOR, BAJAJ HOUSE
97 NEHRU PLACE
NEW DELHI-110 019

HCL
LIMITED

ESCORTS

We are one of the leading engineering companies, with interests in a diverse range of products — from Tractors, Motorcycles, Auto Ancillaries to Telecommunication systems.

We require high calibre engineering professionals for our CORPORATE PROJECTS Department.

DIVISIONAL MANAGER — MANUFACTURING ENGINEERING

This is a senior management position involving evaluation and analysis of various divisional requirements for technology upgradation and investment planning. Thorough knowledge of process engineering, appreciation of state-of-the art manufacturing technology and hands-on experience in selecting machine tools and equipment are a must.

The incumbent should be a Mechanical Engineer, with over 15 years experience in reputed engineering organisations.

MANAGER — FINISHING TECHNOLOGY/SHEET METAL

This is a key position involving evaluation and analysis of the different divisional product painting, electroplating, finishing processes, recommending and implementing the approved technology upgradation programmes. Exposure to packaging, styling, processing of sheet metal components, and press shop planning would be an advantage.

The incumbent should be a Mechanical Engineer/Paint Technologist with over 8 years experience.

Compensation will not be a constraining factor for the suitable candidates.

Please apply in confidence, within 7 days, with a detailed Curriculum Vitae to :

The General Manager
Corporate Management Development
ESCORTS LIMITED
18/4, Mathura Road, Faridabad-121 007.

SIEMENS

We are a large multinational organization in the electrical engineering industry, manufacturing a wide range of sophisticated electrical and electronic products and systems in collaboration with our Principals in Germany and with a well-established marketing network all over India.

We require the following personnel to strengthen our present set-up:

Taxation Manager – Sales Tax (Bombay)

The job involves:

- keeping abreast with all-India developments of law in Sales Tax and other allied fields.
- formulating procedures for maintenance of records by our Works and Sales Divisions.
- submission of Sales Tax Returns and preparation of relevant assessment statements.
- handling matters relating to the Appellate Authorities, Tribunals and Courts.
- application of legal provisions in respect of set-offs, rebates and refunds.
- supervision of personnel group assisting in the above functions.
- advising all units of the Company on matters of sales tax, octroi and other government levies.
- liaisoning with Governmental authorities.
- to take decisions, perceive and solve problems independently and effectively.

Applicants should be graduates, preferably also in Law, with a minimum of 10 years experience of independently handling the relevant matters in a reputed company. Preferred age 30 – 35 yrs.

Specialists – Indirect Taxation
(Bombay, Calcutta, Madras, Delhi and Nashik)

We are looking for suitable candidates who have the potential to be developed to take up key positions in the fields of Excise and Sales Tax all over India. These positions have excellent long-term growth prospects within the group.

The candidates are likely to be placed either in our Offices at Bombay, Calcutta, Delhi and Madras to deal with matters of Sales Tax or will be placed in our Factories at Bombay, Nashik and Calcutta to deal with matters of Excise.

Applicants should be graduates, preferably in Law, with a minimum of 5 years experience of handling Sales Tax and/or Excise matters and should be well conversant with the various Acts, rules and procedures. Preferred age 25 – 30 yrs.

The Company offers an attractive remuneration package commensurate with qualifications and experience. Salary is no bar for the right candidate.

Write to us within 15 days furnishing full details of academic record, experience and other personal data, which will be treated in strict confidence.

For the position of SPECIALISTS – INDIRECT TAXATION, applicants are required to please intimate preference in the matter of place of posting.

The Manager
Human Resource Development
Siemens Ltd.
134-A, Dr. Annie Besant Road, Worli
Bombay - 400 018.

Siemens Ltd.

ISPAT

ISPAT GROUP

Looking for outstanding

EDP AND SOFTWARE MARKETING PROFESSIONALS

Calcutta **Attractive Terms**

The Ispat Group is a multi-product, multi-dimensional Group having technical collaboration with world-renowned Companies – each of them leaders in their respective fields. The Group has already set up several pioneering ventures in India and continues to progress from one success to another. Some of the international collaborations are with Nippon Denro and Hitachi of Japan and Danieli & C Spa of Italy.

One of the Group Companies, in the business of Advanced Data Processing and Computer Software having wide ranging plans for a quantum jump in both exports and domestic sales is looking for

MARKETING MANAGERS

1. **Software – Domestic Sales**
2. **Software Exports**
3. **EDP – General Applications.**

Candidates must be Graduates from a recognised University with a Diploma or Degree in Computer Sciences with a minimum of 3/4 years of Marketing Experience in allied fields. The job is very demanding and only Professionals with established achievement records, with a high winning streak, persuasive skills and a strong aptitude for challenging assignments will fit into the role. Experience in Banking Sector, Oil Sector, Shares / Debentures Registrar areas will have added advantage. Emoluments will depend on merit and the experience of the candidate; however, this will not be a limiting factor for the right candidates. Please apply in confidence within ten (10) days, enclosing a passport size photograph to :

Vice-President (Human Resources)
ISPAT GROUP OF COMPANIES
Park Plaza, 71 Park Street
Calcutta 700 016

PRESSMAN

OPPORTUNITIES IN AUSTRALIA

YOUR NEXT CAREER MOVE IN FINANCIAL SERVICES .....COULD TAKE YOU A LONG WAY

From a Head Office in Melbourne, The National Mutual Life Association of Australia Limited is the Australian leader in insurance, pension and financial services markets. It also has significant presence in New Zealand, Hong Kong and the UK.

The company now offers few rare opportunities, mostly at the Head Office in Melbourne, for experienced and talented professionals.

ACTUARIES MCS/D/101

Recently qualified Actuaries are required to play a significant role in the growth and development of our organisation. These demanding positions require talented individuals who have some experience in pensions/superannuation and who can demonstrate considerable technical expertise. Excellent communications skills are also necessary as successful candidates will be dealing with top level management in Australia. Actuaries who are nearly qualified will also be considered. Preferred age is 25 to 35 years. Remuneration negotiable upto Australian dollars 65,000 with excellent career prospects.

SENIOR FUND ADMINISTRATORS MCS/D/102

Managing a portfolio of large Superannuation Plans you will be responsible for all administrative matters and close liaison with the clients. A solid grounding in large fund administration work, an understanding of the superannuation products and technical competence are important qualities for these interesting positions. Previous supervisory experience and first class communication skills are essential as this is very much a managerial role. The candidates should be qualified MBA's. Preferred age is 25 to 35 years. Remuneration is negotiable starting at Australian dollars 30,000. The position has good prospects for promotions.

Naturally, if your application is successful, generous assistance will be given with relocation, encompassing air fares, personal costs and temporary and permanent housing costs in Australia.

Please send complete biodata within seven days quoting appropriate reference number to the following address:

Price Waterhouse Associates Pvt. Ltd.
407 Padma Tower I, 5 Rajendra Place,
New Delhi-110 008.

MUDRA

WHERE
SUCCESS
IS A
PROCESS
NOT AN
EVENT

YOU ARE NOT YET IN ADVERTISING BUT YOU WILL MAKE A VERY CAPABLE ADVERTISING PROFESSIONAL

Mudra Communications, India's fastest growing advertising agency, is on the look out for you, young ambitious dreamers. Practical and talented young people to join its creative training programmes.

For copy training programme

▬ You are a young livewire between 21 and 24 years with an outstanding command over written and spoken English. You are not afraid of hard work and wish to become a competent professional. You have a variety of interests in life. You are eager and enthusiastic and what's more important you have a curious mind of your own.

For visualizer training programme

▬ You have recently graduated from a front line art school of the country, preferably in commercial arts. You are between 21 and 24 years of age. You have the ability to communicate visually an idea lurking in your mind and do it neatly. And of course, you constantly think innovative.

▬ If selected for any of these positions, you will participate in a year-long training programme consisting of both in-house and on the job opportunities. During this period you will be paid a stipend of Rs. 1800/- per month. On successful completion of training, you will be placed in suitable grades in any of the company's branches or divisions.

▬ Please send your resumes detailing age, education, extra-curricular interests, achievements and a 100 word note on 'THE PERSON I AM' within the next 15 days to :

MUDRA
COMMUNICATIONS PVT. LTD.
Ahmedabad ■ Bangalore
Bombay ■ Hyderabad
Madras ■ New Delhi

Corporate Manager,
Mudra Communications Pvt. Ltd.,
Ellisbridge, Ahmedabad-380 006.

AT MUDRA IF YOU CAN DREAM IT, YOU CAN DO IT

IND USA

INDUSA INFORMATION TECHNOLOGY

Indusa Information Technology is a newly set-up computer consultancy company that has amibitious plans to offer Software Services in USA, Europe and Australia and the full range of computer consultancy services in India, including turnkey software development, education services, data centre services and management consultancy in the information technology area. Indusa is an independent Division of Dalal Consultants and Engineers Pvt. Ltd., which is one of the leading engineering consulting groups in the country with substantial overseas project experience and business affiliations. The group also has a fast growing Management Services Division, which will inter-act closely with the newly set-up Computer Consultancy Division. Indusa has representative offices in the USA located in New York, NY and Chicago, IL.

We currently require software professional with atleast 2 YEARS EXPERIENCE for on-site systems-design and programming projects in the USA in the following hardware, software environment.

* IBM: HW-S 38 43 XX 30 XX
SW-CICS, COBOL, RPG II III
MVS, DOS/VSE, IMS, IDMS,
TOTAL ADABAS, NATURAL.

* BURROUGHS: HW - A SERIES B 25 SERIES
SW - COBOL, ALGOL, PASCAL,
DMS II, LINC II, GEMCOS, MARC,
COMS, B-TOS, DATAMANAGER, FSA.

* UNIX SYSTEMS: C, INGRESS, UNIFY

Previous consulting experience or overseas project experience will be a plus point. Oral and written communication skills will be an important consideration for selection. The positions will currently be Bombay-based, but the company has plans to locate its main software development centre in one of the growing metro cities outside Bombay. The remuneration package will compare with the best in the industry and overseas living allowances provide for comfortable living standards overseas. You are invited to apply in strict confidence giving full details of qualifications, experience including details of specific projects, address and contact telephone number and a passport size photograph to:

Nanda J. Joshi
Indusa Information Technology
IND USA
A Division of Dalal Consultants
& Engineers Pvt. Ltd.,
44, Dr. R.G. Thadani Marg,
Worli, Bombay 400 018.

CHIEF EXECUTIVE

ES : 6639 **Major city of central India**

Our client is a light engineering company involved in steel processing activity, with an annual group turnover of around Rs. 100 crores, and having collaborations and joint ventures with leading international companies. The company wishes to recruit a **CHIEF EXECUTIVE.**

The incumbent, reporting to the Board of Directors, will head a medium sized company and will be incharge of overall operations of the company covering Marketing, Finance, Purchase, Administration, Personnel etc. He would be responsible for the development, growth and profitability of the business.

The ideal candidate, around 40 years of age, should be a Mechanical or Metallurgical Engineer with at least 10 years of senior management experience in a company of repute.

The candidate should have proven managerial skills, and a special aptitude for marketing, and motivate and lead a team of professionals towards corporate goals. Experience in any of the technical functions such as manufacturing, development, engineering or quality assurance also would be desirable.

Career prospects in the company are bright and a successful candidate can aspire for elevation to Board Level in any of the group companies.

Salary and perks offered are excellent.

Please apply in strict confidence within 10 days to :

S.B. Billimoria & Co.
Post Box No. 4325
New Delhi-110 019

Superscribing the code no. on the envelope and resume.

VICE PRESIDENTS
WEST AFRICA

One of the most professionally enlightened and largest non-resident Indian group seeks 3 outstanding professionals to head groups of companies currently managed by General Managers in the areas of

FISHERIES
AGRICULTURE AND COMMODITY EXPORTS

Each profit centre group expects a turnover of over U.S. $10 million.

Highly successful and commercially oriented senior managers with an outstanding academic record (M.B.A.'s, C.A.'s) and impeccable references may send detailed C.V. in the strictest confidence.

The remuneration package would be the best available on the basis of equivalent international standards.

SENIOR MANAGEMENT TRAINEES

The group also requires young professionals who are well qualified with good family background and references, in the age group of 27 - 30 years as senior management trainees. After induction, training and job rotation, they are expected to rapidly rise in the management hierarchy to assume senior positions at a young age.

Since the final interviews are slated for the 1st week of August, immediate responses with your contact telephone numbers are requested.

Zenith Collaboration Consultants Pvt. Ltd.

112-C, Mittal Court, 224, Nariman Point,
Bombay 400 021.

Shrashta

RPG ENTERPRISES

Group Public Relations Manager

RPG Enterprises is one of India's five largest and fastest growing business houses with an annual turnover exceeding Rs. 1000 crores. A professionally managed business corporation, it covers a wide spectrum of industrial ventures including tyres, telecommunications, pharmaceuticals, electronics and entertainment.

The Group Public Relations Manager, located in Bombay, will be responsible for the overall PR activity of the group and projecting an effective corporate image. Interfacing with government departments will be an added advantage.

An excellent opportunity for a dynamic person experienced in public relations/journalism/advertising.

An attractive compensation package and excellent opportunity of growth are assured for the right candidate.

Apply in confidence to:

The Chairman
RPG Enterprises Ltd.
CEAT MAHAL
463, Dr. Annie Besant Road
Worli, Bombay - 400 025.

3418

RPG ENTERPRISES

GENERAL MANAGER (EXPORTS) (SRB : EX)

Our Clients are a leading national company manufacturing consumer durables with their group headquarters at Delhi. The Group is in the process of setting up additional manufacturing facilities in various locations and plans to set up a unit in an export processing zone exclusively for exports.

The Group is committed to exports and needs an experienced and top rate professional to head the export division under their expansion programme.

Candidates should be in the age group 35-40 with senior level experience in exports in the areas of GCA and Rupee Payment.

MBA/IIFT qualifications are desirable but not essential. The position is based at Delhi.

Attractive remuneration package commensurate with qualification and experience of the candidate will be offered and will not be a constraint for the right candidate.

Please apply in confidence giving complete details and marking the envelope with the relevant code to :

S.R. Batliboi & Co.,
F 76, Himalaya House,
23, Kasturba Gandhi Marg,
New Delhi 110 001.

MEHAN AND ASSOCIATES

Management Consultants

All India Executive Selection Service

For a client organisation known as **CELLULOSE PRODUCTS OF INDIA LIMITED, AHMEDABAD,** having annual sales turnover around Rs. 20 crores, we need:

GENERAL MANAGER (WORKS) Ref: GMW-501

Shall head the works, managing the entire manufacturing operations & administration. The position reports to Managing Director. Shall have a Master's degree in Engg/Science (preferably Chemical Engg) with work experience in Polymer/ Organic Chemistry field. In addition, he must have had his formal exposures to modern Management concepts though he shall be preferably an MBA. We do expect him to be having 12-18 years experience, out of which 3-7 years at fairly senior level. Preferred age-group 35-45 years.

GENERAL MANAGER (MARKETING) Ref: GMM-502

Would carry overall responsibility for formulating and directing the marketing/sales policies & shall have a good degree in Chemistry or in Chemical Engg. Must have had his formal academic education in Marketing Management, with preferably in MBA/Diploma in Marketing. Shall have 12-18 years in Marketing of chemicals, out of which 3-7 years at fairly senior level. Preferred age-group 35-45 years.

Location & Compensation: both these positions are located at Ahmedabad. We are flexible on compensation -- in fact conpensation, visualised by us is quite liberal. Perks include: free house; car; superannuation; LTA, medical, gratuity, PF etc.

Please apply, ***in strict confidence,*** *with detailed bio-data, marking the envelope with appropriate job title and reference number within 10 days, to:*

Professor K K MEHAN
MEHAN AND ASSOCIATES
Management Consultants
Fifth North South Road
BOMBAY-400 049.

Phones: 620 0956; 620 4940

Please note the change in our telephone numbers

We do not divulge candidate's identity to his present employer, without consent

---

We have been retained by a reputed **PHARMACEUTICAL Organisation,** marketing **AYURVEDIC ANIMAL HEALTH PRODUCTS,** to select a dynamic and result oriented Manager.

MARKETING MANAGER

Age : Around 35 years.

Base : SAHARANPUR

The incumbent should be a Science Graduate, preferably a Veterinary Graduate. We will give preference to those who have done formal Management education.

He must have 7-8 years experience of Management, which may encompass Marketing, Sales Promotion, Advertising, Budgeting and Managing a large selling force.

SALARY AND PERKS WILL NOT BE A LIMITING FACTOR FOR THE RIGHT CANDIDATES.

Please apply within 7 days to :

RESOURCES MANAGEMENT ASSOCIATES
Corporate Office :
405, Vishal Bhawan,
95, Nehru Place,
New Delhi-110 019.

A STATE GOVERNMENT HANDICRAFTS & HANDLOOM DEVELOPMENT CORPORATION

REQUIRES

MANAGERS/DEPUTY MANAGERS

for emporia at Bombay, Delhi, Hyderabad, Ahmedabad, Lucknow and Madras.
The incumbant should be dynamic, result oriented, experienced graduates with a business management degree/diploma and interest in marketing. (Suitably experienced, retired officers of the armed forces can also be considered). They will be responsible for efficient management of the emporia, sales and exhibitions at other locations as well as management assignments, at the Head Office or field offices.

DEVELOPMENT OFFICERS

They should be dynamic post graduates in 'Rural Management' with 2 to 3 years experience in a field organisation. Persons with related, specialised experince skills and interests can also be considered.

DESIGNERS-Textiles/Exhibition/products

The incumbants should have a degree/diploma from the National Institute of Design or prestigious fine arts faculties with relevant specialisation and experience of 2 to 4 years.

The above posts carry attractive pay, commensurate with qualifications and experience-from Rs. 2500 to Rs 5000 and perks. For posts 2 & 3-Project or contract assignments can also be considered.

Preference will be given to Scheduled Tribe and Scheduled Caste.
This Corporation is a growing, profit-making one with a most popular retail emporia chain in India. The posts offered are not only challenging but offer good opportunities for individual growth and a chance to promote the crafts and cultural heritage of India.

Please apply with complete bio-data, certificate copies and photograph within 15 days to :

Lt.Col.Vinod Kumar (Retd)
J.C.Management Consultants
40, Mandakini Enclave,
KALKAJI,
New Delhi:110019

MATERIAL & EQUIPMENT SUPPLY MANAGER

FOR SAUDI ARABIA

We have been retained to select a Material & Equipment Supply Manager with rich experience in international purchasing of equipment and spares.

Our client, operating an annual purchase budget of over Rs. 155 million, is a leading Cement Company in Saudi Arabia with a 1.5 million tpa dry process plant.

Material & Equipment Supply Manager will be reporting to Company General Manager, located at the Head Office and will be responsible for coordinating all purchases of raw materials, spare parts, capital equipment and contract services locally and internationally. He will directly supervise the Heads of International and Local Purchasing and Clearing &Receiving Sections and functionally supervise Head of Stores at the plant.

He should have a Degree in Mechanical Engineering with a Post Graduate Degree or equivalent in Business Administration/Materials Management with at least 8-10 years related experience in purchasing, five of which should be in a purchase management position, preferably in an industrial firm. Knowledge of cement manufacturing practices, materials and their use, Electronic Data Processing and Inventory Control will be highly desirable.

The position carries attractive salary and fringe benefits. Initial contract will be for two years and will be extendably by mutual consent. Good knowledge of English is essential. Knowledge of Arabic will be desirable. The maximum age limit is 50 years.

Please apply within 10 days with complete bio-data and photograph to :

HOLTEC ENGINEERS PRIVATE LIMITED
(Corporate Centre)
201/202 Ashok Hotel, Chanakyapuri,
New Delhi 110 021

Consultants to Cement and Other Mineral Based Industries

TECHNICAL MANAGER (PLASTICS) (SRB : P)

Our Clients are a leading national company manufacturing consumer durables with their group headquarters at Delhi. The Group is in the process of setting up additional manufacturing facilities in various locations. It is planning to diversify into plastics and set up a modern Injection Moulding facility with tool room near Delhi.

They need a top rate plastic technologist to head the technical functions of the new division under their expansion programme.

Engineering background with senior level experience in Injection Moulding is essential.

Attractive remuneration package commensurate with qualification and experience of the candidate will be offered and will not be a constraint for the right candidate.

Please apply in confidence giving complete details and marking the envelope with the relevant code to :

S.R. Batliboi & Co.,
F 76, Himalaya House,
23, Kasturba Gandhi Marg,
New Delhi 110 001.

Chemosyn

For Their
Pharmaceutical
Operations
NEED
For Professional
Management Functions in their
Pharmaceutical Operations

SENIOR MANAGERS

(Sales/Marketing)

- Degree in Science preferably with a qualification in Management Studies.
- Experience in Sales/Marketing functions for a period of not less than 5 years, preferably in an All India position.

The above is the prime position in the organisation with perpetual challenge. If you are sure about yourself vis-a-vis the challenge and possess qualifications, qualities and experience listed above, and aged around 35 years, please apply in confidence within 10 days, to:

Personnel Manager
CHEMOSYN PRIVATE LIMITED
Proprietor of
THEMIS PHARMACEUTICALS
38, Suren Road, Andheri (East)
BOMBAY 400 093

WANTED
PURCHASE MANAGER

AURANGABAD
Rs 4,000 PER MONTH + HRA + CONVEYANCE

STERLITE INDUSTRIES (I) LTD require a Purchase Manager for their Jelly Filled Telephone Cable Unit at Aurangabad. MBA's/Graduate Engineers preferred but not essential and having 5-7 years experience in a reputed Public Limited Company. Knowledge of import procedures desirable. Total annual raw material purchase will be approx. Rs.25 crores (however maximum number of items is 10 only) plus packing, consumables and maintenance items.

Interested candidates may please write in confidence within 10 days to:—

The Managing Director
INDUSTRIES (INDIA) LTD.
92/92 A Maker Chambers III,
Nariman Point,
Bombay-21.

CEAT
Require
MANAGER-MIS

CEAT Tyres of India Limited stays at the leading edge of competition through excellence of people, policy and products. Today, CEAT with an annual production of 2.4 million tyres, is the largest Automotive Tyre Manufacturer in India.

To head the Management Information Systems Section of the organisation at Bombay, we require a dynamic, result-oriented Manager.

The incumbent will be responsible for all computerisation activities, including the development of software to provide timely management reports, and for creating an electronic processing environment in the organisation.

The selected candidate will be an outstanding professional with a Post Graduate qualification in Computer Science, and with around 10 years experience in related areas. An ability to interact with people at all levels and to spread the culture of computerisation to all functional areas is essential.

We offer an attractive remuneration package, matching the best in the industry.

Interested candidates may apply within 15 days with their curriculum vitae and a passport size photograph, to:

Vice President – Personnel
CEAT TYRES OF INDIA LTD.
463, Dr. Annie Besant Road
Worli,Bombay 400 025.

MANAGEMENT CONSULTANT

THE ORGANISATION

We are a Dynamic and Innovative Bombay based team of Professional Management Consultants, active in Joint Ventures, Business Improvement Studies, Feasibility Studies, Sick Unit Revivals and Senior Manpower Placement for Indian and International firms.

THE MAN

You are a young, dynamic and result oriented Management Consultant
a CA/ACA/MBA - Finance
with good personality
around 30 years old
with extensive exposure to
Management Consultancy in
India and preferably Abroad

THE JOB

To strengthen our team and Independently develop and service our Indian/International Clientele.

Remuneration will be commensurate with qualifications and experience.

Write to us in strict confidence giving detailed professional background

Zenith Collaboration Consultants Pvt. Ltd.

112-C, MITTAL COURT, NARIMAN POINT,
BOMBAY 400 021

Shrashta

INDIAN INSTITUTE OF HEALTH MANAGEMENT RESEARCH
JAIPUR

IIHMR is a pioneering centre for Research, Education, Training & Consultancy in the Management of Health Services in India. The Institute is a member of the International Hospital Federation, U.K. and the Association of University Programme in Health Administration, U.S.A.

The Institute lays great emphasis on training & imparting Management skills to top level Managers & Policy Makers, Research Scientists etc. To plan and implement such ambitious & challenging assignments, IIHMR now requires

FACULTY MEMBERS

ORGANISATION DEVELOPMENT:

Applicant would preferably be a Behaviourial Scientist with Post Graduate Degree/Dipolma & Training in Management. He should be able to participate in Conceptualising, Planning, Developing and Implementing Research and Consultancy Projects with expertise in the processes of Organisational Development.

MIS:

He should be an MBA/Chartered Accountant/Industrial Engineer. It will be preferred if he has exposure to Health Care System. He will be required to analyse the different functions of organisation to identify the information system and decision making needs.

FINANCE:

He should be a Chartered Accountant preferably with a Post-Graduate Degree in the relevant field besides excellence in basic disciplines. He should be able to develop alternative Policies, Strategies and Proposals for Health Care Systems of the state and voluntary organisations.

SOCIAL MARKETING:

The applicant should be a Post-Graduate with Degree/Diploma in Marketing Management, preferably a Doctorate in the relevant field. He should be fully conversant with the concepts and practice of Social Marketing.

HEALTH ECONOMICS:

A Post-Graduate Degree/Diploma in Economics with special reference to Socio-Economics and Health Development; preferably a Doctorate in the relevant field.

In all the above fields candidates should have minimum experience of 6-10 years of working in Consultancy Organisation/Training and/or Research Institutions of repute.

EMOLUMENTS ARE NEGOTIABLE AND SHALL BE DECIDED ON THE BASIS OF QUALIFICATIONS, RESEARCH AND TEACHING EXPERIENCE.

Applications giving details of educational background experience, research work should be sent to our Management Consultants within 10 days

SUDHIR CHAUDHRY
Human Resources Consultants
B-21, Nizamuddin West,
New Delhi-110 013

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The Job

The incumbent will play a significant role in the above. He will first study our current Distribution/ Marketing systems, and then develop new systems in keeping with the user needs. He will train the user and provide user support subsequently. He will also prepare and maintain a high level of documentation in these areas.

The Person

The candidate should be a Graduate/Post-Graduate, preferably with a Diploma in Computer Science. Around 30 to 35 years of age, he should have 5 to 6 years' experience in developing on-line applications with minimum 1 year experience in Systems Design. Experience in developing multi-tier production planning/MRP systems is desirable.

We provide a rich, satisfying job content and a salary package to match. However, we expect you to make your own accommodation arrangements.

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Mr. B. P. Vaidya
Express Building, 1st Floor
Churchgate, Bombay 400 020

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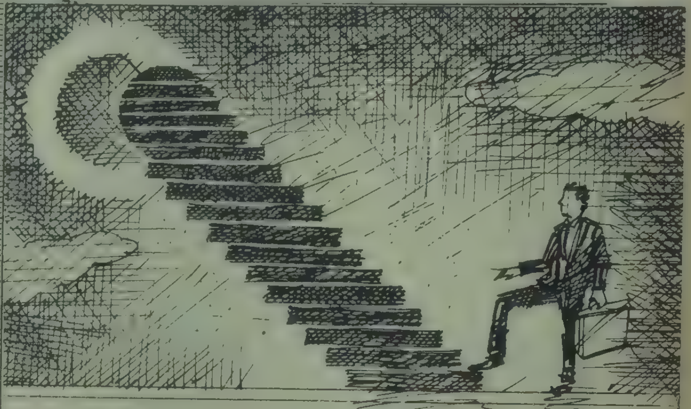

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VICE PRESIDENTS
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Ahmedabad

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Amtek Geophysical Pvt. Ltd. is an Indian company which is an associate of Alpha Tech International Inc. of USA. Together, they bring international expertise to the crucial area of Seismic Data Acquisition services in India. Already contracted by ONGC to conduct field surveys in Gujarat, Assam and other areas, the company expects a first year turnover of about 10 crores, which will go up threefolds in 3 years time. Amtek is looking for outstanding managers willing to set up productivity and quality standards way above what is prevalent in India. Rewards will match the extraordinary demands of the jobs.

VICE PRESIDENT — FIELD OPERATIONS

The prime responsibility is to consistently achieve superior levels of output in the areas surveyed while maintaining a high quality of seismic data. General Managers of field teams will directly report to him. Optimum utilisation of resources and man management of field personnel are some of the key challenges. He will maintain close liason with top ONGC and government officials. Work involves extensive travelling to field parties.

We are looking for a Geophysicist/Geologist/Petroleum or Mining Engineer with 15 years experience in Seismic Data Acquisition. Preferred age : 40 — 50 years.

VICE PRESIDENT — LOGISTICS AND COMMERCIAL

The major responsibility is to ensure availability of equipment and supplies to far flung survey parties. Purchasing, contracting, imports and other commercial aspects form a significant part of the job. Personnel/Administrative functions will include liason with officials and regulatory bodies. He will have to functionally guide and provide on the job training to the logistics managers in the field. Work involves extensive travelling.

We are looking for a Science/Engineering graduate with 15 years experience in commercial and logistics functions involving similar responsibilities. Experience of providing support in forward areas to units of Army, Border Roads or construction companies will be an asset. Preferred age : 40 — 50 years.

The positions carry attractive remuneration packages that will attract the exceptional talent we are looking for.

ALL APPLICATIONS WILL BE TREATED IN STRICT CONFIDENCE.

Reply in 7 days to:

Amtek Geophysical Pvt. Ltd., 44 Community Centre, Kailash Colony Ext., Zamrudpur, New Delhi-110048.

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DRILLING & OIL FIELD SERVICES

BOMBAY

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He will be the 'Profit-Centre' head and will have independent charge of securing & executing business in this new activity for achieving the agreed profitability & growth targets. Finalising collaboration agreements, carrying out all activities for acquiring oil rigs, negotiating business and execution of contracts within specified cost, time and quality parameters, developing the organisation & providing necessary guidance and motivation to the professional team and liaising effectively with collaborators, clients and other government agencies, will be his important job functions.

Candidates should preferably have a degree in Engineering and have atleast 15/20 years experience, of which 3/5 years at a senior level, in oil drilling/allied business lines. They should have excellent contacts with the oil industry at home and abroad and various government organisations for securing and executing business in this line. Age Group: 40-50.

THE REMUNERATION PACKAGE IS ENTIRELY NEGOTIABLE AND WILL NOT BE A CONSTRAINT FOR THE RIGHT CANDIDATE.

Write in strict confidence within 10 days, citing code: DHB/HNK/1011.

(Personnel Selection Division)

ABC CONSULTANTS PRIVATE LIMITED

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The person would be required to take complete charge and full responsibilities of the entire operations of the company including production, marketing, finance and profitability. A technocrat having degree in chemical engineering with MBA qualifications is being looked-in.

Minimum 15 years experience of which atleast 5 years in senior management position in India or abroad in similar line or in oil refinery/petrochemicals/ONGC is desired. This position requires high degree of technical expertise, commercial acumen and man-management capabilities. Preferred age 40 years plus.

Being a top management position, salary & perquisites offered will be attractive. Application be sent in strict confidence with needful details to:

BOX NO. AA/271/LI/1,

BUSINESS INDIA
Wadia Building, 17/19 Dalal Street, Bombay-400 001.

TRENDS-1578

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COMPANY SECRETARY at DELHI

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The job, besides usual company secretarial functions, involves handling of legal/arbitration matters and taxation cases of the company. The incumbent would also be responsible for office administration, co-ordination for appraisal of loans and borrowings from financial institutions and banks.

The candidate must be a member of the Institute of Company Secretaries of India holding also a law degree. Experience of 5-7 years in Company Secretary position in a reputed Business House is desired. Preferred age 35 years.

Salary and Remuneration package is on merit. Please apply in confidence within 10 days with full bio-data details to:

The Managing Director
THE INDIAN ALUMINIUM CABLES LIMITED
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TRENDS-1579

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At this crucial juncture comes the need for a

MARKETING MANAGER

The Person:

An achiever with around 8-10 years' experience in marketing highly competitive industrial products, preferably office automation systems.

We would prefer engineers with a solid management base.

The Package:

We're looking for a premium person. So quote your price. We'll pay. Besides the usual senior management fringe benefits, we'll ensure that you'll drive up to work in a car.

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Away from the crowded city. We'll give you a decent place to stay.

Call us on 2864561 for an appointment or mail two copies of your resume with Contact Telephone numbers to:

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GDAPL/TRC/1/88

MARKETING MANAGER
HYDERABAD

Our client, a company manufacturing precision medium-cost consumer durables, is in the process of implementing a project to introduce a new contemporary product in the same line. A dynamic professional is required by the Company to spearhead the marketing function.

The incumbent, reporting to the Managing Director, will plan and implement a total strategy for introducing the new product, which is likely to be launched in 1989, in a highly competitive environment. Simultaneously he will ensure the present product range is marketed more effectively so as to regain the predominant position it enjoyed in the Pan-Indian market.

Aged between 35-45, the person should have formal qualifications backed by a track record in total marketing management, preferably of more than one product at the national level. Commitment coupled with ability to achieve under adverse circumstances would be the personal attributes required in the ideal candidate.

Remuneration package will be suitably structured, commensurate with the person's record and experience and will include housing, transport, LTA, medical and other benefits and will be negotiable.

Resumes superscribing ES-819 may please be sent within 10 days to:

S.B. Billimoria & Co.
70/3, Miller Road, P.B. No. 176, Bangalore – 560 052

MANAGER HONGKONG

Well established trading house in Hongkong is looking for a seasoned professional to head it's operations. Major trading activity is in the area of Leather Goods/Processed Leather and Electronics. Additional trading lines and further expansion to areas like granite is planned.

We are looking for a dynamic manager, around 35 years, with experience of handling an overseas office. Experience of leather or granite trading and earlier exposure to Hongkong will be preferred.

Performance based compensation package will be designed to provide ample motivation. Work permit and accomodation will be provided.

APPLY WITHIN 7 DAYS TO BOX NO. AA/271/SI/2, BUSINESS INDIA,
59 REGAL BUILDING, CONNAUGHT CIRCUS, NEW DELHI-110 001.

International Marketing Professionals

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100% Engineering Export Unit
Noida Export Processing Zone

A high-tech 100% Engineering Export Unit at Noida Export Processing Zone, Noida, UP, requires:

Manager—International Marketing

Will report to the Managing Director and be responsible for the development of exports market. The position require sound technical knowledge combined with commercial accumen.

Should be a graduate mechanical engineer having atleast 7 to 10 years relevant experience. Post-graduation in International Marketing would be an added qualification.

Marketing Executives

Should be a graduate Mechanical Engineer having atleast 2 to 3 years experience in the export department of an engineering enterprise.

Graduates from IIFT would be preferred.

Apply in confidence giving details of experience, salary etc. to:

INSIGHT
INSIGHT MANAGEMENT CONSULTANTS
D-16, ANAND NIKETAN, NEW DELHI-110 021.

SENIOR BRANCH MANAGER (DELHI) (CODE R/99/483)

Bajaj Auto Limited is looking for a person for the position of Senior Manager at Delhi. The selected candidate will be responsible for maintaining liaison with various Government departments, other agencies and institutions, and for follow-up of various matters being dealt with by them. Besides, he will also be in overall charge of the administration of the Branch and supervise the Service Station. The incumbent will report to the Resident General Manager (Delhi). In due course of time he may be required to take over from the Resident General Manager. A candidate with outstanding background and proven abilities could be considered for the position of Deputy General Manager, Delhi.

Applicants must be graduates, preferably with post-graduate management qualifications, and should have a minimum of 15 years' relevant experience. They must be persons who have independently managed branch operations and kept liaison with Government departments.

Depending on qualifications, experience and merit, the gross monthly emoluments (which include basic salary, dearness and other allowances/perks as per Company rules) will be in the range of Rs. 9000-11000. In addition, annual bonus, medical reimbursement, leave travel, etc. and retirement benefits like superannuation, contributory provident fund and gratuity, are available.

Apply within 10 days in confidence giving details of age, qualifications, experience, salary drawn and expected, with the name of the post and code number as indicated above superscribed on the envelope, and a recent passport-size photograph, to—Executive Director

bajaj auto ltd.
Akurdi, PUNE : 411 035.

88-390

Bajaj Auto Ltd. PUNE requires for its UP Project the following personnel in the Purchase Department.

A) Manager (Purchase)

(Code No. R/14/482)

B) Dy. Manager (Purchase)

(Code No. R/14/479)

Candidates should be Engineering Graduates with post-graduate qualifications in Materials Management from a reputed institute. They should be fully conversant with all purchase activities including procurement of indigenous /imported raw materials, semi-finished components, vendor development and sub-contracting. Exposure to Computerised Management information systems would be an added qualification. They should also have relevant experience of 15-18 years for post "A" and 12-15 years for post "B" preferably in a large Automobile / Engineering industry. Age below 45 years.

The selected candidates will be initially posted at our Akurdi, PUNE works for familiarisation, and thereafter to our new project in UP or any other place in India.

Gross salary is in the range of Rs. 5800-7600 for post "A" and Rs. 4200-5800 for post "B" it includes basic, dearness and other allowances/perks as per Company rules. In addition we offer annual bonus, medical reimbursement and superannuation. Company accommodation may be considered in Pune if required.

Apply within 10 days to the Dy. General Manager (Personnel) giving details of qualifications, experience, age, salary drawn and expected, with the name of the post and code number indicated above superscribed on the application, along with a recent passport-size photograph.

bajaj auto ltd.
Akurdi, Pune : 411 035.

88-406

ASSISTANT MANAGER (EXPORTS)

R/13/472

Candidates should be Engineering Graduates with Post Graduate Diploma from IIFT, New Delhi. They must have about 7 years' experience in the field of international marketing of consumer durables — engineering products, preferably automobiles. Preference will be given to those who have travelled abroad in Africa and/or South East Asia on marketing missions. Knowledge of foreign languages like French and German will be an added recommendation. Age below 35 years.

The selected person will be required to explore the possibilities of exporting our products to a specified region overseas. This will involve the collection of marketing intelligence, analysis of market potential, negotiations for selection of dealerships, and provision of after-sales service support. He will have to co-ordinate the work with Production and R & D for timely execution of orders and developments of products for meeting export requirements. He may also be required to deal with technical know-how agreements for the export of technology for manufacturing our products to other developing countries.

He will report to the Manager (Exports).

Depending upon qualifications, experience and merit, the gross monthly emoluments, which include basic, dearness and other allowances and perks, will be in the range of Rs. 4150 — Rs. 5350. In addition, we offer superannuation, medical reimbursement and bonus. Company accommodation may be considered if required.

Apply within 10 days to the Deputy General Manager (Personnel) giving details of qualifications, experience, age, salary drawn and expected, with the name of the post and code number indicated above superscribed on the application, along with a recent passport-size photograph.

bajaj auto ltd.

Akurdi, PUNE : 411 035.

88-398

PHARMACEUTICALS

CORE is a young fast-growing Group of Companies, promoted and managed by a team of professionals, having a highly successful track record. The Group has interests in Pharmaceuticals, Leasing, Computers and Consultancy. The Group offers excellent compensation terms, a motivating and satisfying working environment and very attractive future growth opportunities.

Core Parenterals is a new project recently put up in Gujarat manufacturing High Quality Intravenous Solutions in Special Quality Non-toxic Polymer Containers using the latest state-of-the-art technology imported from Europe. For this it needs the following Senior Management Personnel :

ALL INDIA SALES MANAGER

This position involves responsibility for the complete Sales Management function, right from selection of field force and appointment of Stockists/Distributors to management of field operations and achievement of targets. Those in the age group of 30-40 years with 10-15 years experience of marketing pharmaceuticals, including about 3-5 years of institutional business also, will be preferred. Effective managerial & communication capabilities and a bold, forceful, result oriented personality are essential.

Applications will be treated in strict confidence. Those interested may send their detailed bio-data with passport size photograph to : MR SUNIL HANDA

CORE PARENTERALS LIMITED
4th Floor, Narayan Chambers,
Ashram Road,
Ahmedabad - 380 009

SR. AREA SALES MANAGER

ES : 6638

Madras

Our client, a well known diversified multi product company with a turnover in excess of Rs. 100 crores, wishes to recruit a Sr. Area Sales Manager for their regional sales office at Madras.

The company's prime thrust is in the food and beverage industry, with an impressive product line and ambitious plans for growth and diversification.

The incumbent, reporting to the Regional Sales Manager would be responsible for market servicing, appointment of stockists, collections, sales promotion, sales administration, field force management etc.

The ideal candidate would be around 28-35 years, preferably with a post-graduate degree in management from a reputed institute. He should have thorough knowledge of the southern markets and at least one South Indian language. He should have 7 years experience in sales, with 3 years as Area Sales Manager in a well known consumer non-durables organisation.

The company is looking for a top flight sales professional to assist the Regional Sales Manager.

Salary and other benefits will be in line with the best in the industry.

Please apply in strict confidence within 10 days to :

S.B. Billimoria & Co.
No. 52, II Floor,
Montieth Road, Egmore,
Madras-600 008.

Superscribing the code No. on the envelope and resume.

ABC's major specialisations include Corporate Consultancy

AREA SALES MANAGERS

COMMUNICATION SYSTEMS & EQUIPMENTS

PUNE & DELHI

ATTRACTIVE SALARY + PERKS

Our client is a professionally managed company engaged in Manufacturing & Marketing of state-of-the-art Telecommunication, Process Control and Computer Support Systems & Equipments. To cater to the expanding operations of the Telecommunications & Process Control Division, the company wishes to recruit bright and potential Area Sales Managers to be located at Pune & Delhi.

The incumbents will be responsible for achieving the agreed sales targets in their respective territories. Identifying new markets & expanding the existing ones, formulating & implementing effective strategies to achieve the agreed sales targets, providing leadership & guidance from generation to execution of orders and continuously developing marketing organisation to cater to the growth plans will be a part of their major responsibilities.

Suitable candidates will be Graduate Electronics/Telecommunications Engineers with around 10/12 years relevant experience, out of which 2/3 years must be at a senior level. Experience in marketing to Public Sector Organisations/Government Agencies/Defence Services, strong initiative & drive, good commercial acumen and in-depth understanding of market conditions relevant to the products are essential attributes.

SALARY & PERQUISITES WILL BE VERY ATTRACTIVE AND WILL NOT BE A CONSTRAINT FOR THE RIGHT CANDIDATES.

Write in strict confidence within 10 days, citing code : ASM/PUN/041.

(Personnel Selection Division)

ABC CONSULTANTS PRIVATE LIMITED
A-7, Ashvini Society, Bombay-Pune Road, Shivajinagar, Pune 411 005 Phone : 52518

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It's not easy. But then taking on a real challenge never is.

We at Dalmia Resorts have pioneered Vacation Ownership in India. It's a vacation system that's proved to be a great success all over the world.

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Apart from that he gets several other advantages.

WANTED SALES MANAGER (AHMEDABAD)

Yes. It's a tremendous idea. But to put it across to potential buyers, we need a Sales Manager with exceptional qualities.

Like a natural flair to dominate a presentation.

An outlook that's open, honest and extremely compelling.

A surging ambition. And a head for results.

And above all, an instinct to evaluate potential, and overcome all odds.

We realise 'exceptional qualities' such as these cannot always be judged by the conventional parameters of qualifications and experience.

So, evaluating yourself will be the first test of your capabilities.

And your ability to be compelling will be your second.

We may be very, very busy. But if you have the talent, we have the time.

Apply in strict confidence within 7 days. Enclose your resume and a recent passport size photograph.

DALMIA RESORTS

General Manager – Personnel
Dalmia Resorts
International Pvt. Ltd.
1st Floor, Devika Tower, 6 Nehru Place
NEW DELHI-110 019.

PRODUCTION MANAGER

A reputed German company in the high-tech telecommunication industry, with multinational operations is planning to set up a unit in Bangalore with Indian partners. The company is interested in recruiting a top flight professional to take charge of the manufacturing function, which will commence during the project stage itself.

The incumbent, reporting to the Resident Director, would be mainly responsible for production planning, scheduling, achieving targets, man management and inventory control. In addition, he would be expected to contribute towards tool and mould design and development, vendor development for indigenous components and efficiency improvement.

A Mechanical Engineer, aged around 35 years with about 10 years production experience in precision industries with at least 5 years total responsibility would be ideal for the position. Good exposure to plastics, tooling and industrial relations would also be necessary.

The remuneration package will be designed to attract the best talent and will not be a constraint for the right candidate.

Applications in confidence, superscribing ES-818 may be sent to:

S.B. Billimoria & Co.
70/3, Miller Road, P.B. No. 176
Bangalore-560 052

Parle-G MONACO Krackjack POPPINS Melody FUDGY

All brand leaders. All from Parle. And a number of new product launches are in the offing. To manage some of the established brands and handle some of the new ones, Parle is looking for a

PRODUCT EXECUTIVE

(Bombay based)

Should be a young graduate in any discipline with an M.M.S./ M.B.A. degree from a reputed Management Institute. A good academic background is desirable. Preferred age below 24 years. Should have 1 to 2 years' experience in Brand Management in a reputed consumer products organization. Should be imaginative, innovative, hard working and willing to travel.

We promise a rich, satisfying job content and a salary package to match. However, we expect you to make your own accommodation arrangements.

Send in a detailed resume (superscribing the envelope with "PE/BI") indicating your qualifications, experience, current salary drawn and salary expected, within 10 days, to:

Marketing Manager
Parle Products (P) Ltd.
North Level Crossing, Vile Parle (E), Bombay 400 057.

PARLE

everest/88/PP/227

INFORMATION MANAGEMENT INDIA - IMI

MARKETING - ENGINEERING SOFTWARE

IMI is the first software company introducing expert systems in India.

The company, based at Hyderabad, is an associate of SOL Group. IMI is headed by a Chief Executive who has returned from Europe after 30 years of engineering experience, which includes 20 years of software expertise in the field of structural engineering design. The company, having a software library made up of a hundred man years' effort, is equipped with sophisticated mini computer systems and a high powered team of specialists developing expert systems for Indian and foreign markets. The systems are highly user-oriented, applicable to industrial and residential buildings in steel and RCC prefabrication, water management and other related areas. The company has also signed an agreement with Hewlett Packard as their software partner and has already export orders from renowned foreign companies. Potential clients would vary from large government and private sector companies to individual architects and builders.

The incumbent would define the markets, identify the clients, interact with technical and commercial personnel, understand the requirements of clients, work out solutions with the development group and co-ordinate continuously with clients. A person with the ability of operating in the entire range of above activities with dynamism, grasp, wide range of knowledge and experience in dealing with persons of varying backgrounds, would be ideally suitable

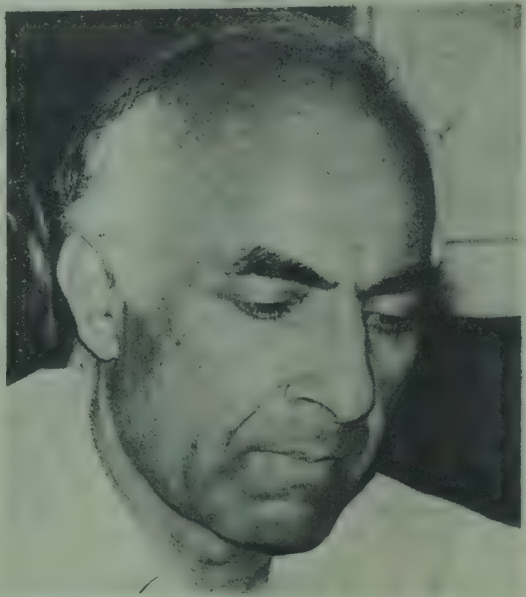
As specific qualification or experience is not definable the person can be from any background but individual abilities and competence would be given priority in selection

Remuneration will not be a constraint for the right candidate. Applications superscribing the envelope ES 825 may be sent within 10 days to

S.B. Billimoria & Co.
70/3, Miller Road, Post Box 176,
BANGALORE - 560 052.

More funds needed for non-conventional energy

Maheshwar Dayal, *one of the principal architects of India's atomic energy programme, is today the country's most reasoned proponent of non-conventional energy sources. Dayal, who has been secretary in the department of non-conventional energy sources since May 1984 was earlier president of UNESCO's science commission and senior adviser on energy to the UN Secretary-General. He spoke to Siddharth Dube of* Business India *recently in New Delhi*



Non-conventional energy sources are commonly dismissed as being experimental, of limited applicability and costly. Could you comment on the accuracy of this view?

This is not the impression of those who have seen the scale of our work in rural India.

For one, it is clear that biogas is not an experimental technology any longer. There are more than one million families using biogas today, and this represents a saving of roughly Rs.250 crores in fuel and fertiliser.

The same applies to smokeless *chullahs*, which are now used by 4.5 million families. There are now 53 different models of these *chullahs*, and they save a wood equivalent of Rs.120 crores each year. *Chullahs* are not seen in an experimental light, people perpetually tell us that we must expand our programme.

Lighting systems based on non-conventional sources cover 2,700 remote villages today where power grids would not have reached for another 10 to 15 years. And solar thermal systems are used by a variety of industries including dairies, textile mills and hospitals; none of these users think this technology is experimental.

However, I would say that in urban areas and within our traditional bureaucracy, people are not sufficiently aware either of the status or potential of these technologies. Others think that these may not be experimental but are costly.

Both of these perceptions are wrong. These criticisms were relevant earlier, but many of these technologies are now attractive both to the country in terms of social costs and to the individual in terms of economics and health.

I foresee that this cost competitiveness will expand in more and more areas. The efficiency of these technologies has improved remarkably, and costs will go down further if volume production can be ensured. This is not the case for any conventional energy sources where prices have been steadily increasing. For instance, in Ladakh and the coastal areas of Gujarat and Tamil Nadu, we have recently shown that electric power from wind is far cheaper than that from any conventional energy sources.

Which non-conventional energy sources do you feel have the strongest potential for use in India?

A lot of them. Solar energy for power, heating and air-conditioning. Wind for electricity and pumps; this could contribute 20,000 MW. Biomass too has tremendous potential.

Similarly, small, non-conventional hydroelectric projects could contribute 2,000 MW by the end of the century.

The figure of 5,000 MW given in your annual report as the potential for mini- and micro-hydel projects seems rather small. Could you explain?

That is an earlier estimate by the Central Electricity Authority. It should be possible to increase this greatly.

In terms of large-scale hydroelectric projects Indian planners say there is a potential of 40,000 MW. But for a variety of reasons — accessibility, environmental repercussions, rehabilitation — this is not exploitable, especially in the Himalayan regions.

But I feel a large portion of this potential can be easily exploited by the use of smaller hydro projects.

Is there any move underway to have a more vigorous mini- and micro-hydel programme?

Well, the subject has not been alloted to us; it is still with the ministry of power.

But it is indeed time that the Planning Commission and others start paying more attention to smaller hydel projects. And certainly more funds need to be allotted for this.

I have repeatedly made the point that these smaller projects have the advantage of requiring shorter gestation periods; time is of utmost importance in the power sector. Such smaller projects could provide three to eight years more of power availability.

Proponents of non-conventional energy argue that these sources could by now be providing far more power than nuclear or some other widely-used sources if similar allocations had been made for research and development. What is your view on this?

I entirely agree; moreover, this is true not only of money for R&D. The investment needed to bring some of the mature non-conventional technologies into industrial production is less than that made in nuclear power in the past or in coal now.

There are other advantages too. These technologies are non-polluting. They are already available and very widely dispersed in the country; we don't need to set up mammoth generating plants and transmit electricity for miles and miles. We must remember that our population is far more dispersed than in the West.

Specifically, how does your budget compare with that of, say, the atomic energy programme in India?

It's less than a fifth of the funds allocated to the Department of Atomic Energy. And in our case we can supply heat, mechanical energy and power, while nuclear energy is limited to the last. We plan to generate 15,000 MW by 2001, which is more than the DAE can promise on a far larger budget. And to that power generation figure you must add the 12 million biogas plants that will be in use at that time. Altogether, apart from generation capacity, we should be able to deliver almost 200 million tonnes of coal replacement each year.

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17

RELIANCE PETROCHEMICALS

THE MEGA ISSUE

SCINDIA

DUNLOP

BURROUGHS WELLCOME

HOGANAS

PHOTO FEATURE

TATA ELECTRIC

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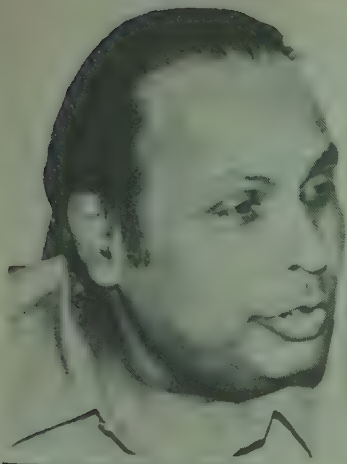
CONTENTS

8 to 21 August 1988

272

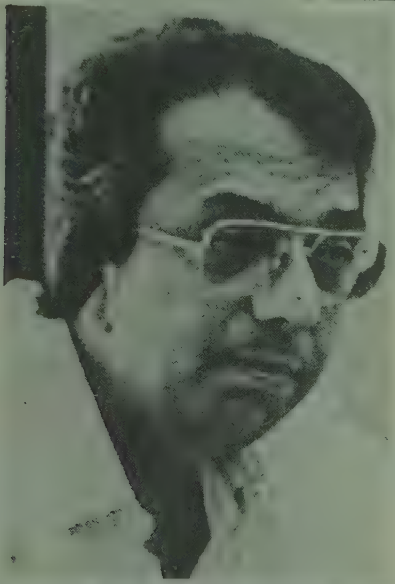


COVER FEATURE

38 **Reliance Petrochemicals**
The mega issue

Later this month Reliance Petrochemicals, the new company promoted by Dhirubhai Ambani's Reliance Industries, is to bulldoze its way into the capital market with a mammoth fully-convertible debenture issue. The Rs.600-crore mega issue signals a major change in the financing of such large projects.

MUKARRAM BHAGAT



CORPORATE REPORTS

46 **Dunlop India**
A bumpy ride ahead

When R.P. Goenka and Manu Chhabria took over Dunlop in 1984, they claimed to have close family-like ties. But today, their marriage of convenience is on the rocks. With the induction of Kishore Chhabria as director, the Chhabrias have won the first round in the battle for Dunlop. Also, there are credible reports of a deal struck in London whereby the Goenkas agreed to sell out their stake in the company to the Chhabrias.

MUKARRAM BHAGAT

CORPORATE REPORTS

50 **Burroughs Wellcome**
Back to the future

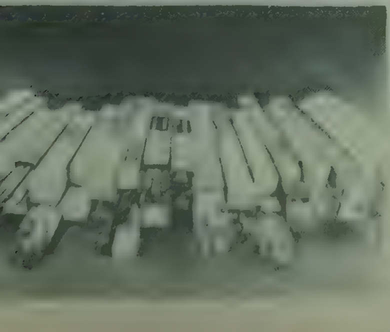
After putting the company back on the profit path the management has finalised a game plan at a workshop in June, which inter alia redefines the company's business as pharmaceuticals and allied areas. Which means an end to flirtations with unrelated diversifications.

BASUDEV DASS

57 **Scindia Steam Navigation**
Land ahoy !

The government's decision last month to revive the ailing Scindia Steam Navigation Co Ltd without replacing the present management has put an end to the agonising uncertainty about the company's future.

SHANKAR P



65 **Hoganas India**
An iron grip

Its teething problems over and with no other manufacturer in sight, Hoganas India has a monopoly of the iron powder market. The company is also trying to extend its scope by exploring new applications.

BASUDEV DASS

33 CENTRE
Lame leadership
Suri-Sumitomo et al
DILIP CHERIAN

35 GOVERNMENT
The sociology of grovelling
JASWANT SINGH

69 ADVERTISING
Kinetic Honda
Legitimate advertising or disinformation campaign ?
DILIP MAITRA

77 HEALTH
Delhi
Cholera marches on
SIDDHARTH DUBE

81 EDUCATION
Pune University
Lever endowment falls through
N.RADHAKRISHNAN

87 FOREIGN EXCHANGE
Making the FCNR scheme more attractive
ASPI CONTRACTOR

92 STATES
Kerala
Karnataka

98 TECHNOLOGY
Let's master simple technology first
DINESH MOHAN

100 LABOUR
Whose job is it?
E.A.RAMASWAMY

125 MARKET WATCH
When shares go ex-bonus
RAFIQ DOSSANI

192 INTERVIEW
Vasant Sathe, minister for energy

71 Advertising
149 Books
14 Businessmen in the News
16 Business Notes
33 Centre
114 Corporate Monitor
45 Corporate Reports
38 Cover Feature
81 Education
29 Economic Indices
31 Economic Outlook
151 Executive Ladder
141 Executive Life Style
87 Foreign Exchange
6 For Your Information
35 Government
77 Health
88 International
192 Interview
133 Investor Contest
136 Jobwatch
100 Labour
3 Letter from the Publisher
4 Letters to the Editor
9 Listening Post
127 Market News
125 Market Watch
154 National Executive Appointments
123 New Issues
10 News and Events
72 People
142 Photo Feature
135 Professional Profile
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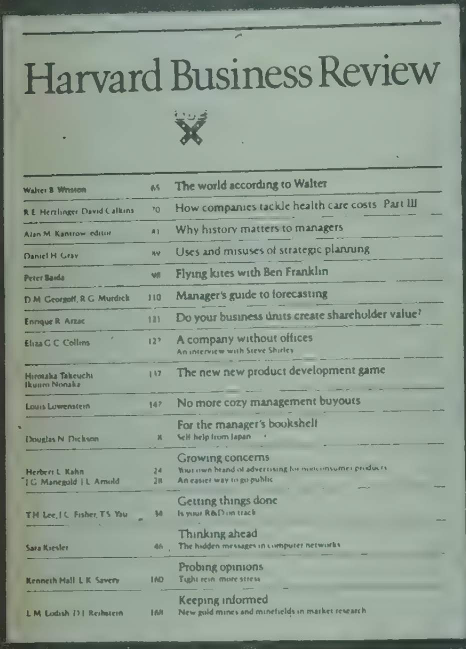

Harvard Business Review

Walter B Wriston	65	The world according to Walter
R E Herzlinger David Calkins	70	How companies tackle health care costs Part III
Alan M Kantrow editor	81	Why history matters to managers
Daniel H Gray	89	Uses and misuses of strategic planning
Peter Baida	98	Flying kites with Ben Franklin
D M Georgoff, R G Murdick	110	Manager's guide to forecasting
Enrique R Arzac	121	Do your business units create shareholder value?
Eliza G C Collins	127	A company without offices An interview with Steve Shirley
Hirotaka Takeuchi Ikujiro Nonaka	137	The new new product development game
Louis Lowenstein	147	No more cozy management buyouts
		For the manager's bookshelf
Douglas N Dickson	8	Self help from Japan
		Growing concerns
Herbert L Kahn	24	Your own brand of advertising for nonconsumer products
J G Manegold J L Arnold	28	An easier way to go public
		Getting things done
T H Lee, J C Fisher, T S Yau	34	Is your R&D on track
		Thinking ahead
Sara Kiesler	46	The hidden messages in computer networks
		Probing opinions
Kenneth Hall L K Savery	160	Tight rein more stress
		Keeping informed
L M Lodish D J Reibstein	168	New gold mines and minefields in market research

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Problems of a New Executive
How to Meet the Press
Thriving in a Recession

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Simple Truths of Japanese Manufacturing
Every Factory Has a Life Cycle
Sweeping Changes in Distribution
Demand Better Results—And Get Them
Guides to Inventory Pricing
Productivity Management
What Happens When Our Oil and Gas Run Out?

FINANCE

New Balance Sheet for Managing Liquidity and Growth
The Folly of Stock Market Timing
Cashing in on the Checkless Society
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MARKETING & SALES

After the Sale Is Over...
Get More Out of Your Trade Shows
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Making Your Marketing Strategy Work
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Clues for Advertising Strategists
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Making the Major Sale

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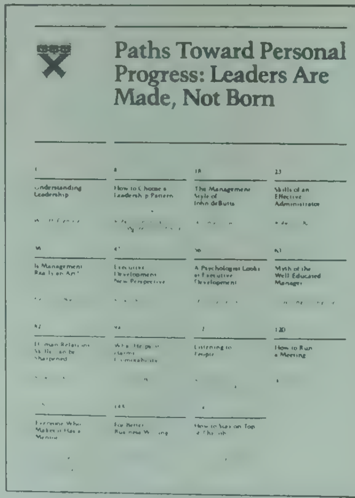

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LETTER FROM THE PUBLISHER

17 AUG 1988
C.F.T.R.I. MYS

Dhirubhai Ambani continues to break records — usually set by himself earlier. The gigantic Rs.516 crores issue of Reliance Petrochemicals Ltd is the largest ever by a Indian private sector company and that too a brand new company.

Almost like a magician holding his audience of investors spellbound, seemingly effortlessly, he pulls off his show. But, as in any show, the characters are projected larger than life and there are some gimmicks and tricks, a great deal of hard work goes on behind the scenes.

The biggest criticisms of Dhirubhai's performance comes from his business peers. Many are just plain envious, while others point to the tactics he has employed to win over key officials and politicians. They point to the speed with which he has got licences, clearances and concessions. And argue that the field is not level.

One can't simply ignore these criticisms. But few businessmen have hesitated to adopt questionable practices at some time or the other. The sad truth is that this is more a reflection on the nature of our political and social system.

At the same time one can't ignore the realities of his performance. An outstanding feature, which is often forgotten, is that Reliance gets its projects done on time. To be sure, there are some slippages which are glossed over but, even by international standards, projects have been completed in remarkable time. One only has to ask how many very large projects in India are completed within both budget and time.

The other reality is that, almost single handedly and against all odds, he has built up the most remarkable investor following in the country. More than any other business house, Reliance has constantly cultivated its shareholders, who in turn have been amply rewarded. It is this concern for shareholders and willingness to share benefits with them that has gained the confidence of the investing public.

In turn, it is this confidence that has allowed Reliance to finance this gigantic new project, almost entirely with funds from the investing public rather than loans from financial institutions.

In this time's cover feature our deputy editor, Mukarram Bhagat — a long time Reliance watcher — analyses the new issue.

In India, with our protected markets and prices virtually fixed by the government, we tend to forget that very large projects which can make a great deal of money can also, under adverse circumstances, lose a great deal of money. More often than not, this depends on the duties and taxes fixed by government on the raw materials or end products. Otherwise there is no reason why Indian industry should not work on rational and economic considerations like industry elsewhere in the world. There is no doubt that as we undergo vast social and economic changes, our social and political conditions are volatile. It would be true to say that the vast Reliance family of investors is probably also the best insurance against any volatility.

Ashok H. Advani

LETTERS TO THE EDITOR

• Decentralise gracefully

Further to your cover story on DCM (11 July), one is forced to conclude that the ailing 'giants' need not only enough financial assistance and political blessings, but a fair measure of prudent management norms. Not in the distant past, an opinion was held that product diversification is the cure for all ills — DCM seems to negate the theory. Instead of subscribing to take-over phobia, which is gripping industrial circles, the decision makers in Kanchenjunga would do well to gracefully decentralise their operations and restore credibility among their clients, shareholders and the general public.

In this year of bountiful monsoons and a likely national industrial resurgence, let us not fritter away national interests for family feuds and misunderstandings.

P. BALASUBRAMANIAN
Bombay

• Not so

With regard to the complaint of an aggrieved candidate from Chandigarh, for a job in Punjab National Bank (For Your Information 13 June) we would like to mention that the Banking Service Recruitment Board (BSRB), New Delhi, had alloted a panel of 300 specialist officers to our bank in mid-1987. In view of the restrictions on recruitment later imposed by the government, we absorbed 175 candidates in that year and the remaining 125 in 1988. As such, the panels of specialist officers provided by the BSRB have been completely exhausted by us and appointment letters have been issued to all the candidates.

B.M. SHARMA
Chief (Personnel)
Punjab National Bank,
New Delhi

• No need for the NMP?

This refers to your article on the National Management Programme (11 July). One is surprised to learn that the government is thoughtlessly squandering a whopping sum of about Rs. 1.8 crores for a programme, the syllabus for which had not been finalised even two days before it started. It is equally surprising that responsibility for running the programme was entrusted to an institute with an unenviable track record and little academic distinction. The very fact that for the 60 seats only 36 applications had been received and that almost entirely from the government and the public sector is evidence of the lack of interest in the programme. Rather than incurring such wasteful expenditure on a general management programme, it would be prudent to design courses to suit the specific needs of experienced managers in different areas of specialisation. The specific requirements of different types of organisations can also be kept in mind while designing such programmes. For imparting general management training, which seems to be the objective of the National Management Programme, we already have well designed programmes of different durations; there is no need to duplicate such programmes.

S.C. NANDA
New Delhi

• That's no Russian

I enjoyed your 13 June issue, but as an avid tennis player I must take exception to one part of your article on denim as a life style (Marketing). In this article you referred to Andre Agassi as an up and coming Russian tennis player. While the Soviets have a lot of good young tennis players, Andre Agassi, who was born in the US and currently lives in Las Vegas, is not one of them. He is as American as the denim shorts he wears.

KENNETH C. BRILL
Consul General
Consulate General of the United States of America
Calcutta

• Telco flexes muscles

Recently the State Transport Authority of Maharashtra has started a clamp down on overloading of light commercial vehicles. While this is a step in the right direction to ensure safety as well as the maintenance of roads and bridges, I do not understand the discrimination against light commercial vehicles only.

LCVs made with Japanese collaboration can be economically operated in India only if they are overloaded. Telco‘s breed of LCVs could not withstand this kind of overloading and were being outclassed. Moreover, they were cutting into the share of Telco's heavy trucks.

It seems that Telco has flexed its muscles with the Maharashtra Government and it is a familiar sight on highways to see RTOs flaging down LCVs and imposing heavy fines for overloading.

J. THARAKAN
Ernakulam

• Manipulation, not profits?

Alam Srinivas has rightly concluded that most of the Oswal group's profits are from trading activities (Cover Feature 11 July). However, there has also been lot of manipulation in the recent rights issue of Bindal Agro. How can the CCI permit an issue of bonds to be converted into shares within three months at a premium of Rs. 30 (conversion price Rs. 40) for a company whose share's book value is less than Rs. 18?

The game is simple. Give high dividends of up to 50 per cent and raise share prices to exceed Rs. 100. Manipulate to issue rights shares or bonds at so high a value that subsequent dividends can be paid out of interests from inter-corporate loans given by the company. It is an open fact that nearly 80 per cent of the reserves of both Oswal Agro Mills and Bindal Agro Mills have been appropriated from rights issues made at premiums and not from profits. The same is the case with Oswal Agro Furane Ltd, a company which does not justify a share price of Rs. 35 and, more important, has yet to start production.

It is also a fact that the Oswal group pays good salaries but is still not able to hold on to its personnel. Oswal Agro Furane has lost its president, two general managers and more than six managers since last September.

P. SENGUPTA
New Delhi

• Much to learn

Keya Sarkar rightly states that foreign banks are consolidating their position through innovations in banking (Banking 11 July).

The banking system in our country has undergone many structural changes after the nationalisation of major commercial banks in 1969. There is a sea change in the global banking environment too. The need of the hour is a personal touch, speed and accuracy. The latter were first provided by foreign banks in India with the installation of teller machines, automatic teller machines (ATMs), etc.

The computerised teller machines process major jobs like cash deposits, withdrawals, clearing, demand drafts, pay orders, etc, and has speeded up service considerably. On the other hand, the usage of the ATMs hasn't come up to the expectations. As critics say, at Rs. 25 lakhs a piece the ATM's are not only expensive cashiers, but also need time to adjust and add to the returns of the banks. But then, there is a lot for Indian banks to learn from these foreign banks and face the tough competition for a smooth run.

NITIN B. HOSKOTE
Bombay

• Inviting exporters

I would like to thank you for the excellent piece covering the Developing Countries Trade Agency (DeCTA) and the Export Development Programme we are organising for India using British government Technical Collaboration Funds (Visiting, 25 July).

However, I would like to make a few points of clarification. The Export Market Entry Scheme aims to introduce selected exporters of general consumer products to the UK market. A UK marketing expert will visit India to interview truly committed exporters to review their companies and products. He will not be able to test market the selected products but will introduce samples to relevant buying channels and will then assess potential marketability in the UK.

DeCTA will then invite a representative of each selected company to the UK and will organise a programme of appointments for them to meet interested buyers. DeCTA will also offer a follow-up service aimed to assist the establishment of long-term business contacts.

The project is already in operation and I would like to invite companies interested in participating to contact our Indian project co-ordinators: Lovelock and Lewes, Mahindra House, JN Heredia Marg, Bombay 400 038.

SWAN WINTON,
Manager — Special Projects
London

• Wheat bias

One can well understand the anxiety over the plight of farmers in the face of increasingly adverse terms of trade as expressed by Mohan Guruswamy (Column, 13 June), but not perhaps the favour to wheat farmers who have already gained in a cumulative fashion. The investments on agriculture research and extension, heavy subsidies on inputs, price amd credit policy, all are in favour of them.

It is unfortunate that the policy makers are still obsessed with whatever has already been achieved and has lost sight of the producton objective of agricultural price policy ie all agricultural prices be determined in a manner that will bring forth a desired level of production in the light of demand perspectives of each of the major agricultural commodities.

For wheat all forces are marshalled to decide the positive price policy but for oilseeds it is claimed that price policy has no role. However, the need for a positive price policy for oilseeds, pulses etc is most urgent.

M.L. JHALA
Anand

• Tax on medical expenses

The Central Board of Direct Taxes (CBDT) seems to think that public hospitals are paragons of efficiency, competence and virtue, and other hospitals are not trustworthy. This is the implication of the CBDT's current dispensation that medical reimbursements above Rs.5,000 per year are tax exempt only if the treatment is taken in "recognised public hospitals".

Patients want to be treated or operated upon by doctors and paramedical staff whom they think are competent and dedicated. It is a simple matter of confidence and choice. The state of medical care in many "recognised" hospitals is so poor that despite their cheapness, hospitals are being set up by public limited companies to provide what the patient wants at prices he is willing to pay, and they yet make a profit out of the operation.

Our national and state leaders have bypassed "recognised" hospitals and have gone to foreign hospitals for surgical operations for which facilities are available in India.

The financial burden imposed on the patient is another aspect of the issue. These days major illnesses and operations like open heart surgery and kidney transplant cost totally — for hospitalisation and operation charges — over a lakh of rupees. If an employer reimburses such an amount, the taxable income may cross Rs.1 lakh and invite 50 per cent marginal tax. This has become a great disincentive for employers in coming to the aid of their needy employees. In the resulting situation, colleagues of employees who have to undergo major operations pass round the hat for personal contributions to the medical "relief" fund. Besides being an unreliable source of funds it is irksome and demeaning for the fund collectors and smacks of charity.

In logic and fairness, the CBDT should review the issue keeping in mind that medical reimbursement is not a perk.

JOHN B. MONTERIO
Bombay

• Burden on branch managers

I refer to your article on the service area approach scheme (13 June). I agree with P.N. Joshi that too much is being asked of the branch manager, who is already overburdened, and the rural branches, which are understaffed. The RBI and the government of India are introducing various schemes from time to time no doubt in good faith to improve the standard of living of the masses. But unfortunately they are not bothered about the availability of manpower in rural branches.

I sincerely feel this idea will not succeed unless the manpower aspect of branches is taken care of

V.R. KRISHNA RAO
Bhimavaram

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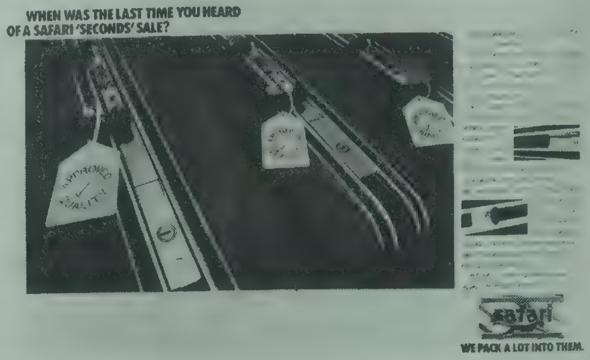
FOR YOUR INFORMATION

Second thoughts

In their colourful doublespread ads, the manufacturers of Safari briefcases seem to look down on other manufacturers who sell "seconds". And yet they advertised a "sale of seconds" in their own sales office in Bangalore!

V.R. NATARAJ, *Bangalore*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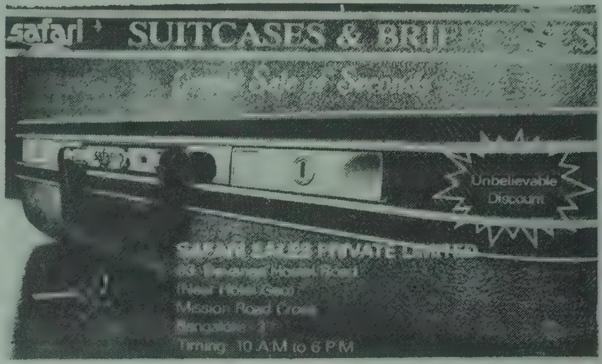


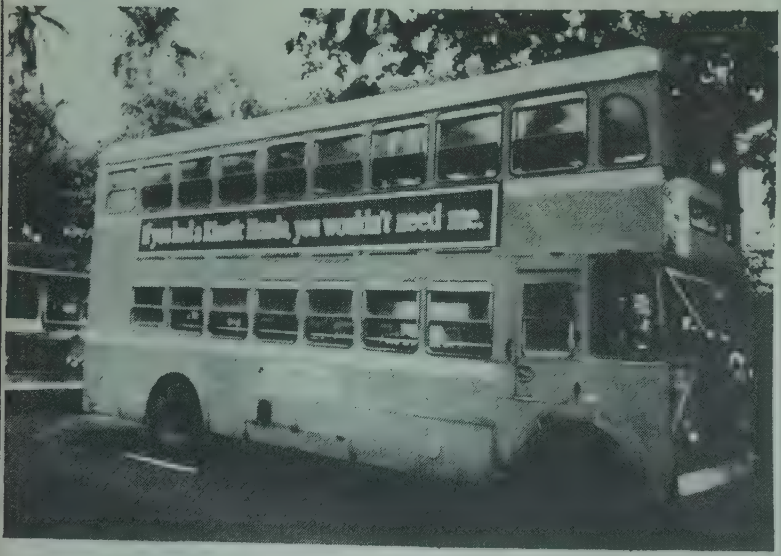
Projects at any cost

In West Bengal, apprehensions that the Central government may not finance the Haldia petrochemical project and the Bakreshwar thermal power project has spurred the Democratic Youth Federation to a unique method of resource mobilisation.

On 12 June 1988, 362 donors, including the state's finance minister Ashim Dasgupta, and CPI(M) Central Committee member Biman Bose, donated blood at the student health home in Calcutta. Each donor will receive Rs.20 and blood donation camps are expected to be held in the districts for the next six months.

KAMAKHYA PRASHAD PACHISIA, *Calcutta*

Taking the BEST for a ride?



Most people think that Kinetic Honda's main competitors are Bajaj and LML Vespa scooters. But they're forgetting Bombay Electric Supply and Transport — BEST — the company that provides Bombay city with its bus service. When Kinetic Honda launched a special campaign in Bombay, bus panels and bus shelters carried messages such as "If you had a Kinetic Honda, you wouldn't need me" and "If you had a Kinetic Honda you wouldn't be waiting in the queue". BEST officials themselves were unaware of this, but reacted swiftly to a city newspaper's report on it. An instruction was sent to the ad agency asking it to change the message as it belittled the BEST. One wonders how a Rs.12,000 scooter can challenge the bus services costing a rupee a trip.

N. SHANKAR, *Pune*

The fruits of labour

The scooter rickshaw driver who took me from Golf Link to Kamani auditorium was well groomed and well dressed. We struck up a conversation immediately and he said that he teaches automobile engineering at a local polytechnic. In the evenings he plies the scooter rickshaw for two or three hours. He was glad that I was a short distance customer since such customers are a better earning proposition than long distance customers.

The supplementary income from the rickshaw has been sizeable over the last five years and he now owns it. He has also been able to build a small house in one of the outlying colonies of Delhi. He had been twice to New York for advanced studies and had good jobs there. He had, however, decided to return to India. He is married, has two kids and earns as much as Rs.5,000 a month. India, according to him, is much better to live and work in than the U.S. He left me happy. I hope his ilk multiplies million fold!

K.L. DALAL, *New Delhi*

Fortuitous delay

Bureaucratic delays almost always come in for criticism, but here's a case where bureaucrats who pad their seats with live files could be strong candidates for wholesome praise.

Great Eastern Shipping placed orders for two drilling rigs with Atwood Oceanics Inc, an American company, in 1983 at $ 30 million. The company's application then did the usual rounds from the ministry of shipping to various ministries and departments like petroleum, finance, MRTP, the ONGC and so on.

While this was going on market conditions completely changed and prices of the rigs came tumbling down. The two rigs are now available for $ 9 million — a clear saving of $ 21 million for Great Eastern!

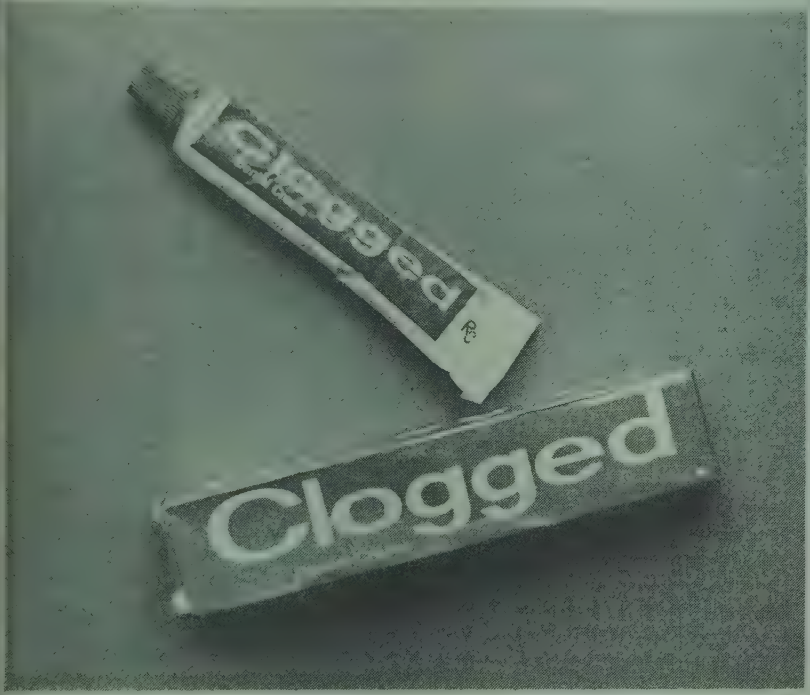
AJAY M. BHARANIA, *Porbandar*

Is it or isn't it?

The new Central Railway's time-table informs you that the 963 Down Dadar-Madras leaves on Tuesdays, Wednesdays, Thursdays, Fridays and Sundays. However, in another section you are told that the 963 Down has air-conditioned bogies and runs on Sundays, Mondays, Wednesdays, Thursdays and Saturdays. One wonders how the Central Railway operates an AC service on Saturdays and Mondays when there are no trains on those days.

P.V. HARIHARAN, Bombay

Dental delight



If you suffer from tooth decay, then this new toothpaste, found last month in Calcutta (only Rs.3 for 30 gm), promises to fill up all your cavities. Or that's what one imagines, looking at the Colgate-look-alike called "Clogged"! For the next guy who wants to come out with an imitation we'd suggest the names Coagulate, Chose-us, Prurient, Cicada or Poormice.

R.D.LAI, *Calcutta*

Postgrad stenos?!

A company in Madras recently advertised in a daily newspaper for a stenographer. Nothing unusual about it except that the ad requires the candidate to be a postgraduate. One wonders about the rationale behind this requirement. Has the quality of education dropped so low in the eyes of the organisation? Or has unemployment among postgraduates in Madras hit rock bottom?

B. CHANDRASEKARAN, *Chandigarh*

Business India invites readers to send original, unpublished contributions to this page. The snippets can be humorous, insightful, outrageous or simply, informative. Each snippet must carry this coupon.

Rs 50 paid for each published contribution.

In the name of god

In the wire drawing shop of a cable company, workers were found rolling bobbins of copper wire with their feet. This often resulted in damage of wire. All attempts by management to get the workers to handle the bobbins properly proved futile until it printed a picture of Lord Viswakarma on the identification tag of every bobbin. Soon the bobbins were being handled with reverence!

S.R. TIWARI, *Rupnarainpur*

Say cheese, it's really cheap!

Three years ago it cost Rs.8 to process a colour print in Bangalore. Since then, two dozen photo colour labs have sprung up, all with Japanese technology and the competition is hot. The labs first tried solidarity and had a standard price. Then one Wise Guy decided to slash prices from Rs.2.50 to Rs.2 per print, with an ad in the newspapers that had a caricature of a devil being driven out of a portrait hung on the wall. The caption read: "Anyone who charges you more than Rs.2 per print will soon be out of the picture."

The ad explained that while all the other labs charged Rs.105 per roll (Rs.15 for processing and Rs.90 for 36 prints), it (studio owned by Wise Guy) was charging only Rs.92 (Rs.20 for processing and Rs.72 for 36 prints). The other labs, going under the name "Indian Photography and Cinematography (IPC)" joined the game with a counter *message:* "Does it make any sense to pay Rs.20 for developing a roll when there are two dozen labs which can do it for a great deal less?"

This prompted Wise Guy to slash the price to Rs.60 (Rs.15 for processing and Rs.45 for 36 prints) if you paid a non-refundable deposit of Rs. 500 to become a "club member". He also opened new branches gradually and fired a salvo in the city's dailies: "Nearly two dozen labs are hopping mad with us. They overcharge you. We don't."

IPC thereupon came out with a pun on the word "club". A huge hand clutching a big club threatened customers in a net, "Want to join the clubbed members? Watch out! Rs.500 (non-refundable) as club membership for a mere discount of 50 paise per print?"

The last ad that was seen had a devil holding up a placard that promised you a print for Re.1. In Bangalore, the customer has indeed gained. If only there were wise guys everywhere!

SONALI BHATIA, *Bangalore*

Telechessing

We have all heard of telefaxing. But have you heard of telechessing?

Neyveli lignite Corporation, the giant public sector company in the south, organised a "radio chess programme" between Neyveli and Pondicherry, which is 70 km away.

International master Lanka Ravi, an employee of NLC, played a game with O. Narayanan of the Pondicherry State Chess Association, each sitting in his own town. Every move was relayed in detail by AIR, Pondicherry (and some other stations as well), so that chess enthusiasts could follow the game.

The special rules for this game were that there could be only 50 moves each and a maximum of 10 seconds per move; exceeding the time limit attracted penalty points. Whoever declared checkmate within 50 moves or had the least penalty points would be the winner. The match took place on World Telecommunication Day.

K.A. DORAISWAMY, *Madras*

Instant kick

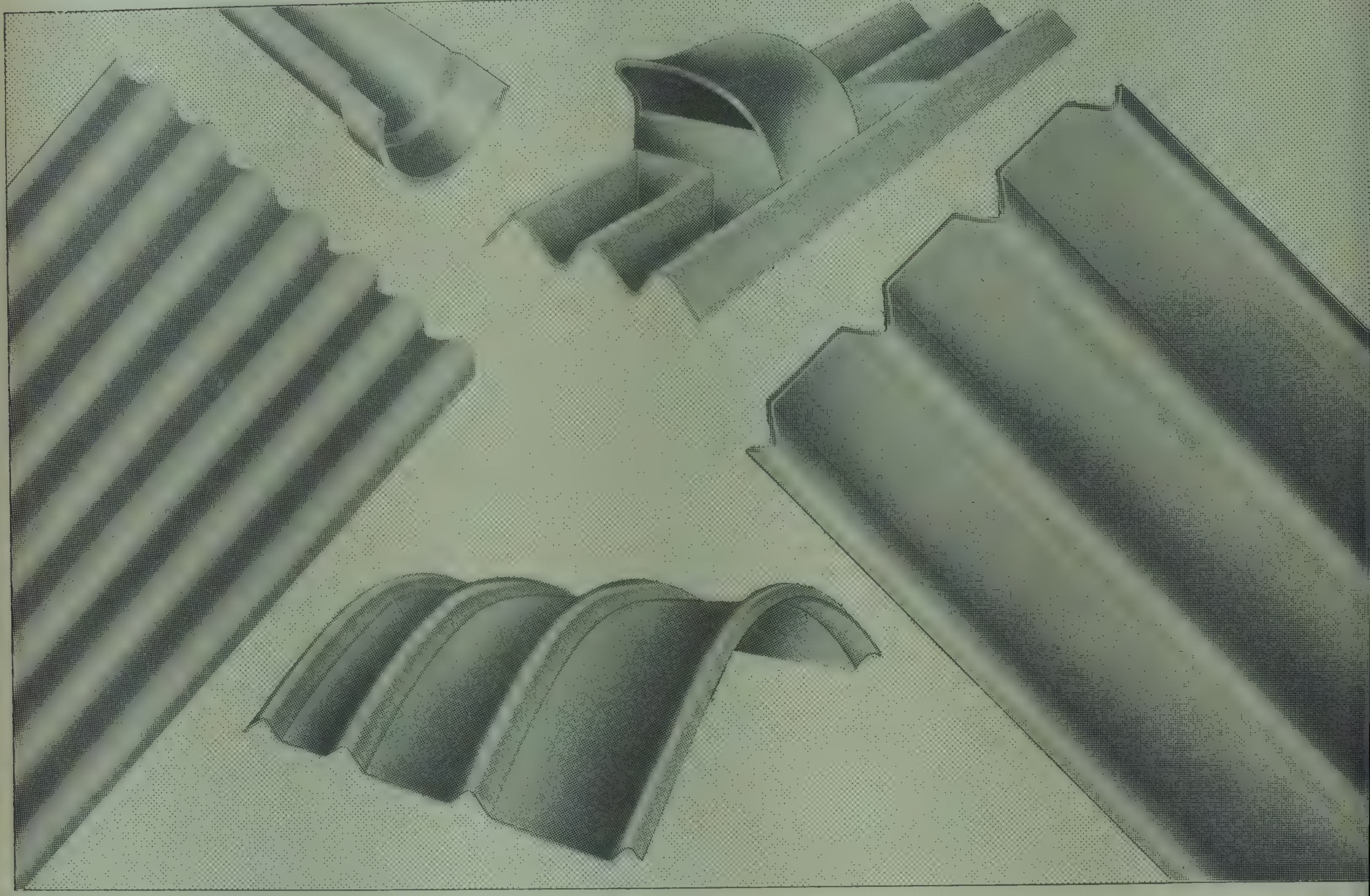
A number of Bofors jokes are doing the rounds in the capital. Here's the latest one:

Q: Which is the best whisky in the world?

A: Bofors, because it gives you an instant kickback.

AJAY MAHENDRA BHARANIA, *Porbandar*

FOR OVER 50 YEARS
EVEREST HAS BEEN SELLING
ONLY ONE THING.



QUALITY.

Across the widest range of fibre cement products. Corrugated sheets. Trafford sheets. Curved sheets. Gutters. Accessories. For a complete roofing system.

Quality in technology. A "no compromise" policy that begins at the R&D Centre. The specially developed fibre orientation technology that ensures unmatched strength and durability. Testing standards higher than even ISI.

Quality in service. A nation-wide distribution network assures instant delivery. The technical service team is always on call. To recommend the right sheet and accessories. Help in design and installation. Absolutely free.

Quality in experience. It was Everest who pioneered A.C. roofing sheets in India. And is the only name proven over 50 years.

No wonder then, people at Godrej, Bajaj Auto, Goodyear, L&T, Kinetic Honda — the list is endless — prefer Everest.

People known for quality themselves.

EVEREST
FIBRE CEMENT PRODUCTS
50 YEARS
WITHOUT COMPROMISE

For discussions, contact: Everest Building Products Limited, 'Ashok Bhawan', 93, Nehru Place, New Delhi-110 019. Tel — 643 2568, 643 2

Enterprise D

Changes in the Tata stable

There are rumours of major change at the top within Tata companies. Reportedly, Homi Sethna, the former chairman of the Atomic Energy Commission who was inducted into top positions at Tatas after retirement, is likely to see a change in his portfolio.

The corporate grapevine has it that he will step down from the chairmanship of Tomco. In fact Sethna had little experience in marketing which is crucial to Tomco's revival. But, clearly, he continues to enjoy the confidence of top notchers in the Tata organisation. It is planned that he will take over as chairman of the giant Tata Electric Companies from the ailing Naval Tata. His experience in the department of atomic energy will certainly be extremely useful.

Hanging fire

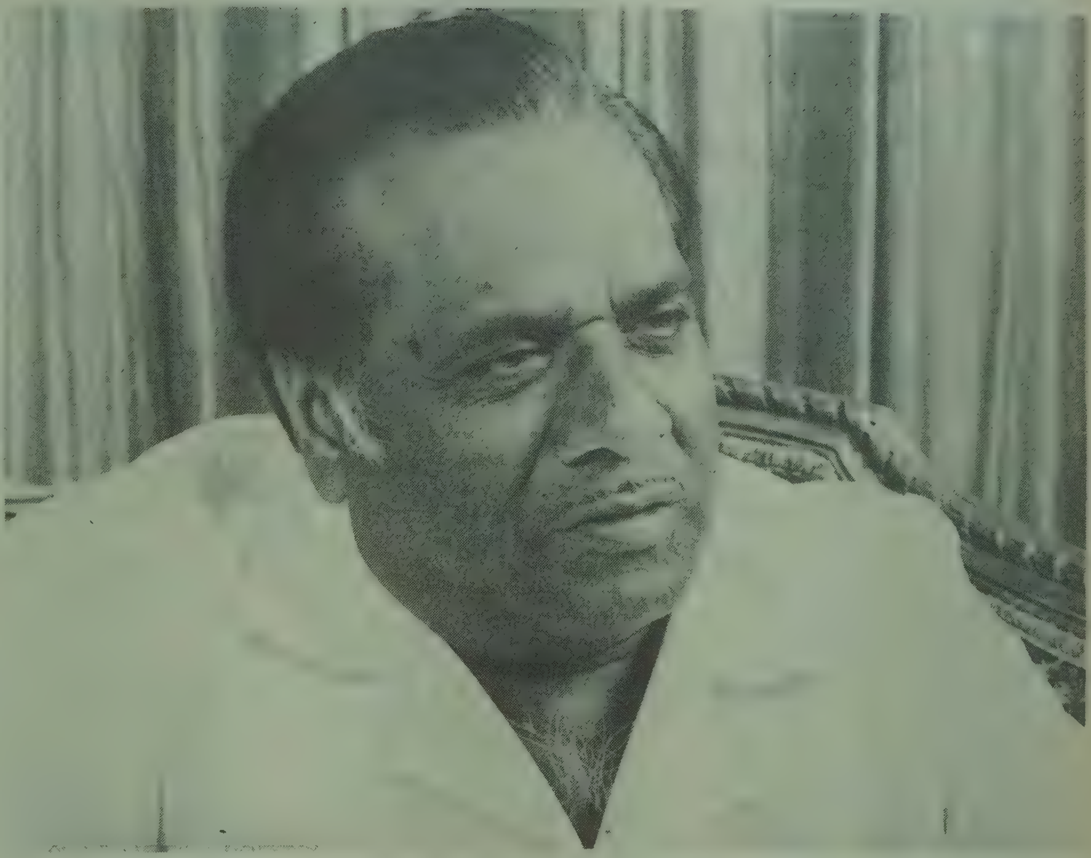
Kisan Products, a Mallya group company, has been trying to rearrange some of its affairs. The company has a turnover of about Rs.50 crores. Nabisco, which has under 40 per cent equity in Brittania Industries has for some time been talking to Hindustan Cocoa Products Ltd (HCP) to take over Kissan's share in HCP. No decision has been taken perhaps because government permissions may not be forthcoming.

But the two managements are hopeful, now that a new ministry of food processing is in place.

The battle continues

Contrary to popular belief, the warring factions of the Modis (the K.N. group and K.K. groups) have yet to bury the hatchet. The efforts of the financial institutions led by the Industrial Development Bank of India which tried to play a mediator's role does not appear to have worked. In the last few weeks, K.N. Modi and his sons have been reportedly consulting with a leading Bombay counsel on the possibility of litigation.

Also there are other reports that suggest that the K.N. Modi group have been "obstructing" the smooth functioning of Modi Industries. After this group realised that there was a tilt in the shareholding in Modi Industries favouring the K.K. Modi group, (following the market operations late last year, K.N.'s group is alleged to have delayed finalisation of accounts, etc.


K.N. Modi: still at arms

According to the grapevine, a share transfer committee was set up to scrutinise and okay share transfers in Modi Industries. That led to the legal consultations. But legal opinion appears to be that they could not proceed with litigation as K.N. Modi was party to the transfers.

Otherwise it is business as usual for the Modis who are going ahead promoting new projects. Modi Mirlees Blackstone, a project for the manufacture of DG sets in the 1.5 mw range, promoted by V.K. Modi has secured MRTP, capital goods and foreign collaboration approvals. The company is expected to start manufacture in the next one year.

Privatisation at last?

For some time now the government has been inviting discussion on privatising some public sector companies. This was recommended by the Jha Commission and also the Mohammed Yunus Committee which examined whether this was feasible. Predictably, some members of Parliament have opposed this proposal. However, the government seems committed on rolling back the public sector albeit, piecemeal. It has reportedly drawn up a list of the more profitable public sector companies (excluding ONGC, but including Air India and Indian Airlines). With the stockmarket girding up for another bull phase the government seems to be getting ready with a shortlist of four or six corporations to present to the market. However, unlike privatisation in the UK, the government will retain atleast 51 per cent of the shares of the corporation. Will the government go through or will it get political jitters?

Drawing the clan closer

In the tradition of RPG Enterprises, Manu Chhabria is now toying with the idea of floating a holding company which would enhance the image of his group. A corporate office has been functioning in Bombay for quite some time now and it will soon be bestowed with a legal status. Ad agencies have been sounded out to put together a suitable campaign which is being timed around the 'formal' takeover of Dunlop from RPG's fold. It's anybody's guess what the new enterprise will be christened.

Hired computers can be imported

The union government has allowed developers of software to import hired computers. The minimum period for which these computers can be obtained is six months and the maximum, one year. There is a minimum export obligation — 50 per cent of the original c.i.f. value of the imported systems.

Indo-Dutch taxation agreement

The Netherlands and India signed a convention for the avoidance of double taxation and prevention of fiscal evasion with respect to taxes on income and capital in New Delhi recently. Under the convention, an enterprise in one country will be taxed in the other country only if it carries on business in that country through a permanent establishment.

CRR raised

The RBI has raised the cash reserve ratio (CRR) of the scheduled commercial banks from 10.5 per cent to 11 per cent from the fortnight beginning 30 July 1988. The new reserve ratio impounds about Rs.630 crores of the aggregate deposits of the banks estimated at Rs.126,934 crores as of 1 July 1988.

Malhotra: too much liquidity

Explaining the reason for the move, R.N. Malhotra, governor, Reserve Bank of India, said that expansion of overall liquidity (M3) during the current financial year up to 1 July 1988 was Rs.11,350 crores (7 per cent) compared with an increase of Rs.7,295 crores (5.2 per cent) last year.

More Japanese joint ventures

Three Japanese trading giants Mitsui, Marubeni and Mitsubishi have agreed in principle to have production co-operation arrangements with Indian companies. Possible areas of co-operation include shoe uppers, marine products, petrochemicals, garments, engineering plastics and pharmaceuticals.

Representatives of Japanese companies told the union minister of state for commerce, P.R. Das Munshi, that they would send a team to India to hold further talks on the subject.

Khandsari producers required to declare stocks

The central government has directed the producers of khandsari to declare their stocks as on 31 July 1988 on or before 5 August 1988, to the collector of the district in which the khandsari unit is located, or to any other authority the state government may appoint. These stocks as well as those produced up to the end of September, would have to be disposed of by the end of October 1988.

Plea against ban on leather exports

The All India Skin and Hide Tanners and Merchants Association has urged the union government to drop its proposal to ban the export of semi-processed leather from 1990. The president of the association, C.K. Duraivelan, has said that to continue the momentum of leather exports, a varied product mix was necessary. It would be prudent, he said,, to allow semi-processed leather exports at the present level of Rs.72.5 crores.

Karnataka diesel power plant in joint sector

The Karnataka government has decided to convert the industry sponsored 120 MW diesel power project of the Karnataka Electricity Board at Yelahanka into a joint sector project. A separate company will be formed for the purpose — 167 industries will contribute 51 per cent of the equity and the Karnataka electricity board 49 per cent.

Tin and nickel prices up

An inter-ministerial committee has raised the price of tin and nickel. The price of tin has been raised to Rs.2,20,000 from Rs.2,10,000 per tonne and the price of nickel briquettes and squares to Rs.4,35,000 from Rs.4,25,000.

TFAI revises service charge

The Trade Fair Authority of India has revised its service charge on exhibits sold by it at its exhibitions abroad. Earlier it charged a flat 10 per cent. This is the result of certain concessions the TFAI has secured on the re-import of exhibits.

Fertiliser stocks lower

Speaking to newsmen in Coimbatore, union minister of state for fertilisers, R. Prabhu, said that stocks of all fertilisers except urea had been reduced to manageable levels. In the light of the good monsoon and healthy crop prospects, urea stocks too are expected to go down. However, imported fertilisers will be sold only after indigenous fertilisers have been used up.

No concession for textiles

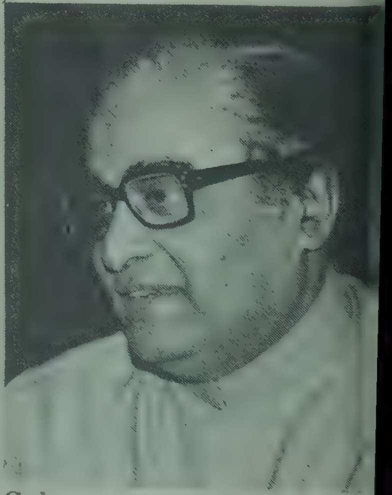
Further concessions to the textile industry in general and the man-made fibre and filament units in particular are ruled out until they pass on to consumers the tax concessions they received in the last budget. This was stated by Arun Kumar, textile commissioner, while presiding over the second meeting of the Price Monitoring Committee. The meeting was attended by representatives of the polyester, nylon and cotton textile industries and powerloom weavers, cloth wholesalers and retailers. Arun Kumar said he was happy that cloth prices had declined recently but sorry that this was due to the action of market forces rather than the passing on of concessions.

Wage cost crippling

The Ninth Finance Commission, which presented its 300-page first report to the President recently, has expressed concern over the increasing wage bill, which is proving to be a strain on many states. The report is believed to have pointed out that some state government are spending as much as half their resources on payment of salaries to staff, leaving very little for investment on productive resources.

Ninth Finance Commission report presented

The chairman of the Ninth Finance Commission, N.K.P Salve, last fortnight presente to president R. Venkataraman, the commission's first report on resource transfer fro the centre to the states fo 1989-90. Receiving the report



Salve: removing imbalances

the President said that the Finance Commission "is a very useful and important institution" to safeguard the interests of the weaker states in particular. Talking to reporters later, Salve declined to give details about the 300-page report. He said the government would have to place the report before parliament along with an explanatory memorandum. Speaking in general terms about the work of the Finance Commission, the chairman said that the transfer of divisible resources from the centre to the states was aimed at removing vertical imbalances while allocation of resources among the states should be designed to remove horizontal imbalances.

Garment exports exceed target

Earnings from garment exports during 1987-88 have crossed the target by Rs.620 crores. Figures given by the Apparel Export Promotion Council (AEPC) reveal that garments worth Rs.2,120 crores were exported during the year, thus exceeding the target of Rs.1,500 by nearly 30 per cent. The target fixed for 1988-89 — Rs.2,100 crores — has also been exceeded. The export target for 1990 has now been fixed at Rs.2,500 crores. For the whole of 1988, the target is Rs.1,750 crores.

Imports of aluminium and petrochemicals liberalised

The Union government has decanalised the import of aluminium including aluminium rods. Aluminium can now be imported under the open general licence by actual users, export houses and trading houses. In another significant decision, import of polyethylene resin, moulding powder and granules; polystyrene resin, granules and moulding powder; and polyvinyl chloride resins has been allowed under the open general licence for actual use or stock and sale. These petrochemical raw materials were earlier allowed to be imported under OGL only by actual users, export houses and trading houses.

arments on their way to the USSR

Public debt situation serious

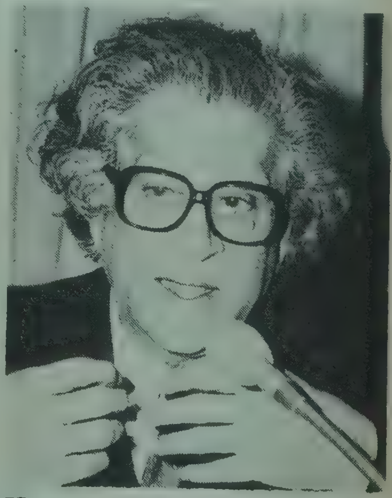
The Comptroller and Auditor General (CAG) has warned of a serious external and internal debt situation if the present trend continues. In a report on public debt, the CAG said that the total liabilities of the Union government increased by 179 per cent over the six-year period 1980-81 to 1986-87 and stood at 64.3 per cent of the gross national product (GNP) at the end of March 1987. In absolute terms, the total liabilities increased from Rs.59,749 crores in 1980-81 to Rs.166,546 crores in 1986-87. The external debt went up from Rs.11,298 crores in 1980-81 to Rs.20,299 crores in 1986-87 — an increase of almost 80 per cent.

Iron ore exports hit Rs.360 crores

Iron ore exports by the Minerals and Metals Trading Corporation (MMTC) are expected to touch Rs.360 crores in 1988-89, higher than the 1987-88 figure by Rs.60 crores. In terms of volume, about 17 million tonnes of iron ore are expected to be exported in 1988-89. Last year the total quantity exported was 16.6 million tonnes. This would be the second time since 1983-84 that MMTC iron exports have touched the Rs.350-crore mark. In 1986-87, the corporation had exported 18 million tonnes of iron ore worth Rs.365 crores.

Bad planning in the 70s and 80s: Abid Hussain

Indian planners lacked perception, says Abid Hussain, member, Planning Commission. Speaking at a symposium titled "Can modern management in India survive people, politics and policies?" in Cal cutta last fortnight, he said that the lack of perception on the part of Indian planners during the seventies and eighties when the world was going through an industrial revolution was responsible for the country's slow rate of growth and low standards of living. He also blamed the people for being tolerant towards this situation. This, he felt, would never have been allowed in any other country.



Hussain: blaming planners and people

Apple-Raba Contel joint venture

Apple Computers Inc of the US is planning to set up a manufacturing facility in India in collaboration with an Indian company.

Apple has tied up with Raba Contel Pvt Ltd, its distributor in India, to set up a company named Apple Computers (India) Ltd. The project cost is estimated at Rs.16 crores, in which Apple will have a 40 per cent equity stake.

The project proposal is, however, yet to be submitted to the government.

HDC to set up steel plant in MP

Hindusthan Development Corporation Ltd (HDC) of the R.P. Mody group has finalised plans to set up a Rs.67-crore composite steel project with an annual capacity of 125,000 tonnes. The project is being located in Madhya Pradesh where HDC has already acquired land.

For the new steel project, HDC has entered into a technical collaboration agreement with Hamburger Stahl Werke of West Germany. The first phase of the new project is expected to begin production within 18 months and is likely to add Rs.100 crores to HDC's turnover which was about Rs.150 crores in 1987. In the second phase, HDC hopes to double the capacity of the new plant.

VI improver for IOC

The first solubilising equipment for viscosity index (VI) improver has been commissioned at Indian Oil's lube blending plant, Madras. Imported from Shell International Co, UK, the plant is the first of its kind in use in any oil company in India and is expected to save around Rs.10 lakhs per annum at current consumption levels.

The present level of consumption of lube oils and greases in the country is around 800,000 tonnes per annum and this is expected to touch 1.5 million tonnes by the year 2004.

Indian Oil's multigrade engine oils require use of VI improver, which was being imported into India in the form of a liquid from various sources worldwide. In order to bring down the foreign exchange outgo and also effect cost economies, IOC explored the possibility of importing the viscosity index improver in solid form instead of liquid form and solubilise the same within the country.

The solubilising unit has a capacity to make 4 kl of solubilised VI improver per day. In addition to consumption at IOC's lube blending plant at Madras, the VI improver solubilised at the lube plant is being transported in barrels to IOC's plants at Bombay and Calcutta for blending of multigrade engine oils.

IOC's solubilising unit in Madras

Modi-General Binding tie-up

The Modi Group and General Binding Corporation, USA, world leaders in presentation system equipment, have entered into a joint venture for manufacturing and marketing GBC binding and laminating machines and supplies, under GBC Hi-Tech (India).

The GBC 450 KM desktop punching and binding machine turns loose pages into professional looking plastic bound books. GBC plastic bindings are available in five colours. In addition to the binding elements themselves, there are many styles of cover material in a wide range of colours to complement the colours of the plastic.

The GBC 419 LM laminator can be used to laminate documents, literature, X-ray photographs, display materials, and photographs and it can also be used to laminate transparancies.

Patvolk becomes member of Multiport

Multiport Ship Agencies Network, a Rotterdam-based exclusive business club for ship agents around the world, has made Patvolk its member from India. Apart from the US, only one member is allowed from each country.

Multiport, formed in 1978, has 76 members covering around 800 ports worldwide. The network offers shipowners, ship operators, trading companies and charters instant access to a worldwide network of shipping agents.

Patvolk, a division of Gokak Patel Volkart Ltd — an associate of the Tata group — has 12 offices in major ports and inland centres in the country.

Kamani's appeals against BIFR order rejected

The appellate authority has rejected two appeals filed by Ashish Kamani against the order of the Board for Industrial and Financial Reconstruction (BIFR) handing over Kamani Tubes to the employees union.

Kamani had filed his appeals in his capacity as shareholder in Kamani Tubes and as chairman-cum-managing director of KMA Ltd.

The BIFRis expected to give its final order on the scheme for taking over the unit shortly.

Holman Climax to start trading

In order to make better use of its marketing network, Holman Climax Manufacturing Ltd plans to commence trading activities. The company has also drawn up a diversification programme envisaging a capital expenditure of Rs.5 crores over the next 3 years. For this, resources of Rs.1 crore will shortly be raised from the public.

Meanwhile, two technical collaboration agreements for the manufacture of air compressors, rock drills and airlegs have been finalised with Compair Broomwade and Compair Holman of UK and commercial production of these items is expected to begin early next year.

Rs.1,000-cr. expansion planned by SPIC

Southern Petrochemicals Industries Corporation (SPIC) has planned a Rs.1000-crore expansion and diversification to be implemented over the next three to four years. The company's biggest commitment is towards the Rs.800-crore aromatics complex to be set up in Madras. Other plans include a Rs.40-crore LAB plant in Pondicherry, a Rs.60-crore pharmaceutical project in Madras and a Rs.60-crore petrochemical unit in Manali.

SPIC's latest venture into an unrelated area — electronics — is all set to begin commercial production by September this year. Called Spic Electronics and Systems Ltd, the plant at Maraimalai Nagar near Madras has already been commissioned at a cost of Rs.30.6 crores. It will manufacture 25 million integrated circuits, 250 MRM of computer tapes, 2 million diskettes and 0.42 MRM of coated jumbo rolls for floppy diskettes per annum.

The infrastructure of the

electronics unit is such that the capacity can be doubled with an additional investment of only Rs.3 crores. The company plans to double capacity after a year when it has a fair idea of the market its products command.

Spartek takes over Neyveli Ceramics

Spartek Ceramics India Ltd has taken over Neyveli Ceramics and Refractories Ltd, manufacturers of sanitaryware. Spartek has bought 35 per cent of the equity of Neycer while associates of the promoters of Spartek have bought another 5 per cent. The entire 40 per cent has been purchased from the promoters of Neycer for a little under Rs.1.69 crores.

The board of directors of Spartek, in which the Andhra Pradesh Industrial Development Corporation holds a 10 per cent stake, has cleared the purchase. The government is yet to clear the takeover. However, the takeover has the blessings of the financial institutions (LIC holds 32 per cent of Neycer's equity) and thus clearance from the government is unlikely to be a problem.

Against its total equity capital of Rs.2.12 crores, Neycer made a loss of Rs.1.89 crores in the year ended December 1987. The first six months of the current year have also been bad and as a result the reserves and surplus have plunged from Rs.2.02 crores at the end of 1987 to around Rs.30 lakhs now.

ICIM to market Xerox laser printers

International Computers Indian Manufacture Ltd (ICIM), has signed an agreement with Rank Xerox, a subsidiary of the Xerox Corporation of the US, to market the Xerox range of laser printers in India. The agreement entitles ICIM to sell the smaller models of Xerox printers, the 4045, the 4046 and the 3700.

ICIM expects to sell around 100 printers during the first year. According to Veer Sagar, the senior vice-president of ICIM, although the Indian data processing industry is highly developed it is as yet unaware of the utility of laser printers. ICIM will start manufacturing these printers only when a substantial market is established.

Duleep Singh retires as RCF head

Singh: a two-decade long stint

Duleep Singh has retired from the post of chairman and managing director of Rashtriya Chemicals & Fertilisers Ltd (RCF) on 31 July. R. Venkateshan, director (finance), has taken over from Singh.

Singh guided RCF for more than two decades and brought in many innovative changes. His greatest achievement, however, was the completion of Asia's largest fertiliser project in Thal without any time or cost overruns.

Deaths

- Manuj Chatterji, 73, an eminent journalist, died on 29 July. He was an editorial adviser to *Business India* since its inception.

DIARY

DATES	SUBJECT	ORGANISER	VENUE
8-9 Aug	**Managing Your Sales Force**	Creative Communication and Management Center, Bombay (Tel: 273006)	Claridges Hotel, New Delhi
9-10 Aug	**Personnel Management for Non-Personnel Executives**	Centre for Organisational and Professional Excellence (COPE), Madras (Tel: 415107)	(Contact organiser)
12-13 Aug	**Tasks and Skills in Shop-Floor Supervision**	Creative Communication and Management Center, Bombay (Tel: 273006)	Taj Mahal Hotel, Bombay
18-19 Aug	**Vendor Development**	Indian Institute of Materials Management, Bombay (Tel: 4948854)	Sea Rock Hotel, Bombay
18-20 Aug	**Marketing Strategy**	Corporate Management Consultants Pvt Ltd, Hyderabad (Tel: 238961, 238490)	Hotel Banjara, Hyderabad
19-20 Aug	**Import Policy and Related Customs Procedures**	Creative Communication and Management Center, Bombay (Tel: 273006)	Hotel Oberoi Towers, Bombay
20 Aug	**Export Procedures Documentation**	Creative Communication and Management Center, Bombay (Tel: 273006)	Indotel Manor House, Indore
20 Aug	**Statistical Applications to Management in Industry and Financial Institutions**	Madras Management Association (Tel: 475800, 478311) and Applied Statistics Centre, Madras	Chola Sheraton, Madras
27-29 Aug	**Taxation and Company Law**	The Institute of Chartered Accountants of India, New Delhi (Tel: 3312055, 3318557)	Institute of Public Administration, Jaipur

RUSSI MODY

Tisco chairman Russi Mody said last fortnight that the company proposed to set up a modern steel stockyard in Calcutta at a cost of around Rs.6 crores to improve steel handling and distribution in the eastern region.

In addition, Tisco, according to Mody, has begun its second phase of modernisation which, coupled with its major expansion programmes, will further strengthen the company.

The expansion project, expected to cost a little less than Rs.1,000 crores, will be spread over three years. The various schemes of the project are in the process of being cleared by the central government. They envisage, among other things, an increase in Tisco's steel producing capacity to three million tonnes, to be financed largely through internal generation, foreign loans and the steel development fund. Other plans include the setting up of a hot strip mill and the augmentation of casting facilities.

Tisco is also spending around Rs.30 crores on modernising the bearings factory it acquired from Metal Box. A major cement project, for which the letter of intent has already been obtained, is also in the offing. The project is expected to be set up in a backward district in Orissa, Bihar or Madhya Pradesh. The government clearance for the projects, adds Mody, was given only after the settlement of the excise tax dispute between Tisco and the central government.

D. SRIDHARAN

In the beginning there was just plain common salt. Then came iodised salt to tackle iodine deficiency disorders. Now it is the turn of iron fortified salt (IFS) which, trials show, is excellent for tackling endemic anaemia. "We have successfully completed the trial runs of IFS for the first time in the world," says D. Sridharan, chairman and managing director of the 12-year-old Tamil Nadu Salt Corporation (TNSC).

Even among the genre of special salts IFS is *sui generis.* "Iodised salt contains only one chemical; IFS contains three. The value of special chemicals in IFS would be 17 times that in iodised salt. While iodised salt is aimed at preventing goitre and other iodine deficiency disorders, localised in some parts of the country, IFS will cater to all sections of the Indian population," Sridharan adds.

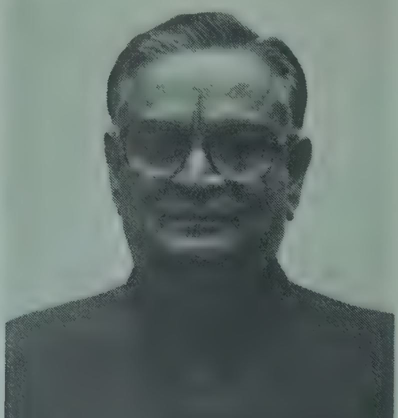
When the project goes into commercial production, it will immediately benefit 53 lakh people in four target districts of Tamil Nadu. However, to go into commercial production, the corporation needs Rs.27 lakhs in working capital. TNSC itself is still in the red. Although it made a gross profit for the second year in succession, the net loss is almost Rs.9 lakhs. Upon its request a high powered state level committee has recommended the release of Rs.10 lakhs by the State Social Welfare Board and another subsidy from the centre to the tune of Rs.13.5 lakhs (equivalent to three months subsidy). "Within six weeks of receiving these funds we can go into commercial production," says Sridharan.

V. VIDYASAGAR

"A tremendous market exists for combed hosiery yarns and doubled yarns in the international market," observes V. Vidyasagar, chairman of Palani Andavar Cotton & Synthetic Spinners Limited (PACSSL), which is getting set to enter the export market.

PACSSL has received several enquiries from Japan, and is therefore investing in an automatic winding machine in order to be able to meet the stringent quality standards there. "In order to meet these expenses, the company will enter the market in mid-August with a public issue of 430,000 equity shares of Rs.10 each at a premium of Rs.2.50 per share. "On the completion of this phase of modernisation, 25 per cent of production will be set aside for the export market, resulting in a 50 per cent increase in turnover," Vidyasagar explains.

Exports will subsequently be increased to 50 per cent of production "depending on the offtake". PACSSL has been supplying yarn to hosiery manufacturing units in Tirupattur. "Once the export venture stabilises and the restrictions on licensing are removed, a fabric manufacturing unit will be set up in a backward area, also geared towards the export market," he adds.



RAKESH GANDHI

Rakesh Gandhi, chairman and managing director of Raba Contel, announced at a recent press conference the possible entry of Apple Computers, USA into manufacturing in India, but after this rather startling announcement he was unwilling to say more. He later relented and explained that Apple was considering a manufacturing arrangement, but balked at the high degree of indigenisation required. For Apple this posed a peculiar problem because many of their components are radically different from those used in the IBM PC and are not manufactured in India. Raba Contel is the distributor in India for Apple products. Apple computers are imported chiefly as desktop publishing systems.

According to Gandhi, the decision on whether Apple would enter the market depended on the ongoing tripartite negotiations between Apple, the government of India, and Raba Contel. If Apple does finally enter India it would give Indian users access to computers which, as far as ease of operation is concerned, are unsurpassed.

SUNIL DAS

A Calcutta-based firm, Amic Industries (P) Ltd, has developed a helical gearbox with a single stage reduction of 30,000:1. The product is being patented in India as a "Universe Solar Helical Gearbox"; the company also intends to obtain collateral patents in western countries, primarily the US and the UK.

The new gearbox has been developed entirely through indigenous efforts, according to Amic's managing director, Sunil Das, and represents a major technical breakthrough; it does away with a lot of intermediary reduction equipment like V-belts, pulleys, etc. "So far," says Das, "scientists in western countries have designed gearboxes with speed reduction ratios upto 70:1 in a single stage. Therefore, this makes us the first company in the world to develop such a gearbox. The possible applications of such a gearbox even in India are tremendous." The product which was exhibited at two major industrial exhibitions in Calcutta has been well received.

Several public sector units including engineering companies, steel and refractory plants, says Das, have evinced interest in the new gearbox; Amic is currently negotiating with the Durgapur steel plant. It is also negotiating for a prestigious defence contract valued at around Rs.8 crores.

ANTHONY GOOD

Anthony Good is hardly a visitor to India. He has been coming here for the last 18 years and sometimes makes as much as six visits a year. Now he has even more reason to be here often, having just become chairman of Good Relations (India), a public relations operation named after him. The new 100 per cent Indian-owned company, launched by Indian Hotels Co (owners of the Taj group), is inspired and backed by Good Relations (UK) which was the first public relations company listed on the London Stock Exchange.

The new company, like its UK affiliate, will handle government relations, corporate communications, financial communications and related activities. It will, however, choose its clients rather carefully since, as Good says, "we have to believe in our clients".

About future plans Good says, "India is the fastest growing market for public relations. With an affluent middle class that calls for increased sophistication in marketing, our activities here can only increase."

MARIE GLYNN

Tata Consultancy Service has tied up with Oracle Corporation of the US to market Oracle software in India. "We shortlisted 15 companies after a very thorough investigation and finally decided on TCS as our partners in India," says Marie Glynn, marketing analyst in Oracle's international division. TCS on its part also did a thorough study of various companies in the US before finally deciding on Oracle.

Oracle Corporation is a leading manufacturer of relational database software with a turnover of about US $ 280 million in 1987, which is expected to increase by 100 per cent in the current year. The contract between TCS and Oracle envisages total support in the form of training and also upgradation of existing software when a new version is developed. Already 200 TCS personnel have been trained to deal with Oracle software.

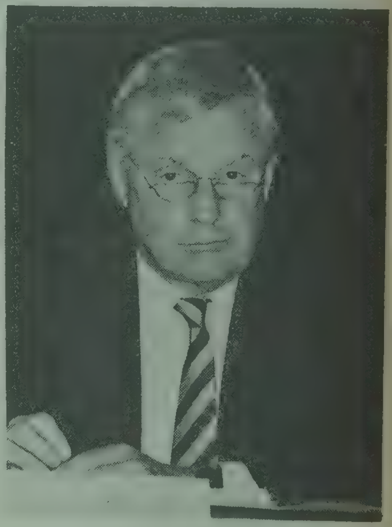
Glynn was particularly excited about the potential for Oracle software in India especially as TCS has already exceeded the sales target for this year.

Oracle's database software has certain user-friendly features. The Oracle, for instance, allows users to share frequently used programmes and data thus saving on hardware. The other advantage of the Oracle database software is that it is written in a versatile fourth generation language called "structured query language" (SQL).

This is Glynn's first visit to India.

DAVID THOMPSON

When David Thompson, executive director, Rank Xerox arrived in India he had several things on his agenda. He had to attend a board meeting and finalise a marketing arrangement with ICIM. But he was also here because of his association with the Indo-European Business Development Centre (IEBDC).



IEBDC was set up three years ago by Jagdish Parekh, managing director of Lee and Muirhead in India, and John Drew who now heads EEC's operations in England. The idea was novel — to promote links (including collaborations) between small and medium businesses in India and Europe. Thompson has been associated with the venture from its inception. So far two collaborations have come into operation.

"I wouldn't judge IEBDC by the number of collaborations," says Thompson. He sounds like a visionary when he says that Rank Xerox's continued involvement in the venture is an act of faith. For Rank which, along with the EEC, is a major source of financial support for the venture, the initial idea behind the centre still holds good.

COFFEE BOARD

Coughing up purchase tax in Karnataka

The Supreme Court recently upheld the Karnataka government's demand for purchase tax on coffee. The demand was made in 1981-82 with retrospective effect from 1974-75. The Coffee Board has thus been asked to cough up Rs. 60 crores in instalments for the period 1975-76 to 1981-82 and another Rs. 70 crores for subsequent years.

The board has already paid Rs. 25 crores out of its pool fund of Rs. 84 crores (made up of contributions from growers). This has invited the wrath of coffee growers. Says D.V. Viswanath, chairman, Karnataka Planters' Association, "The coffee board did not issue any official notice to the growers when it paid from the pool fund. We were kept in the dark." Paying out of the pool, say growers, violates Article 32 of the Coffee Act, whereby pool funds are to be used for curing, storing and marketing. At least five writ petitions have been filed with the Bangalore High Court asking that the board be restrained from making further payments from the funds.

Losing out. Seventy per cent of the country's coffee is grown in Karnataka. Samples of coffee are carried to other states where the buyer selects the coffee and deals are clinched. On such transactions, the buyer states collect sales tax but the original producer, Karnataka, does not.

Hungry for funds, the Karnataka government first clamped a sales tax on export of coffee in 1977-78 but had to withdraw it and refund the Rs. 6 crores it had collected after a court decision against it. Subsequently it amended the Sales Tax Act to be able to levy purchase tax. According to the government, "surrender of coffee by the growers to the board amounts to a sale, and hence the purchase tax."

Ironically, it was S.K. Warrior, then the finance secretary in the state, who put forward the idea of the purchase tax. Later, as Coffee Board chairman, he himself had to fight the levy.

Coffee-growers are now paying 13 per cent purchase tax in addition to the 1.5 per cent turnover tax. This may impose a heavy burden, estimated to be about a third of this year's earnings. Plantation owners also complain of the recent hike in minimum basic wages from Rs. 9.35 per day to Rs. 15.

The tax is expected to affect direct deals with communist countries. The board sells coffee worth Rs. 11 crores a year through direct deals. There is a substantial coffee surplus in the international market and these countries could easily buy from elsewhere once our prices are up, say sources.

A fresh problem is likely to crop up now, with the Kerala government demanding purchase tax too. Reportedly, the Coffee Board has handed out Rs. 13 crores to the Kerala government, to avoid getting involved in more litigation.

▪ A SPECIAL CORRESPONDENT

Picking coffee berries: sales will be hit

WEST BENGAL

Basu's burden

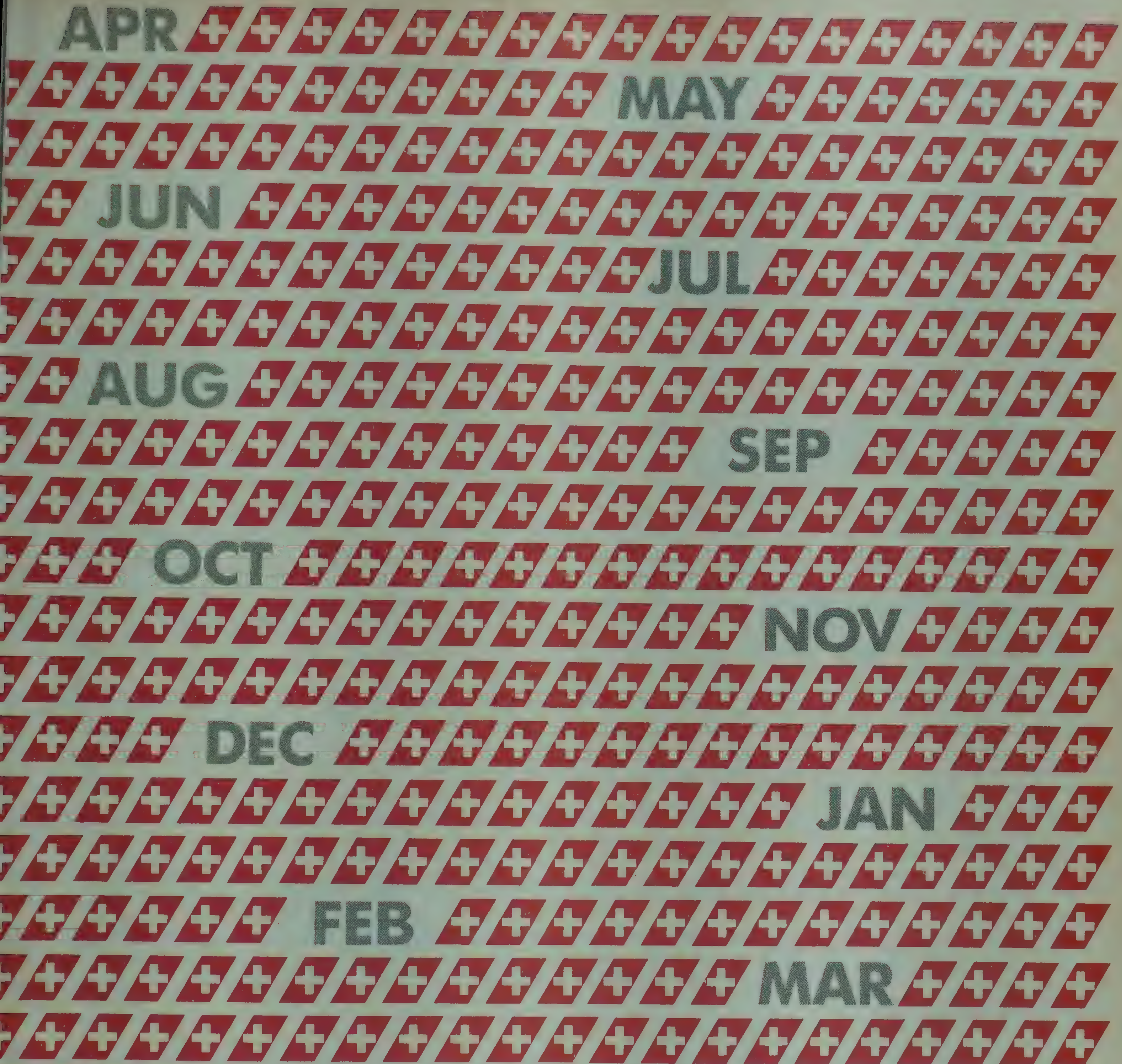
Haldia, Bakreshwar, freight equalisation. For West Bengal chief minister, Jyoti Basu, these three issues provide ample testimony of the centre's "stepmotherly" attitude towards his state. "My ideology prevents me from being parochial," says he, "yet I can't help fighting for a better deal for the state."

Basu was in Bombay last month (braving a bout of food poisoning) exclusively to address a meeting organised by the Indian Merchants Chamber and the Bombay Chamber of Commerce and Industry. The objective: to attract fresh industrial investment to West Bengal. And helping Basu in his sales pitch were Ashok Ganguly, chairman, Hindustan Lever, and Viren Shah, chairman, Mukand Iron.

Among the best. Both Ganguly and Shah felt that contrary to the public image, productivity levels and the overall investment climate in West Bengal ranked among the best in the country. And what's more, according to Basu, the state had performed well in recent years despite being "deliberately ignored" by New Delhi. He reeled off impressive statistics to justify this claim. West Bengal's index of industrial production (1970 - 100), which was languishing at 105 through the seventies, had risen to a respectable 135 by 1987. And even if one excludes the NTPC's Farakka and the DVC's Chukha power stations, power generation has actually doubled from 1,348 MW to 2,678 MW in the ten years the Left Front has been in power.

Further, according to statistics put out by the state's department of information and cultural affairs, new investments have indeed been forthcoming. Between 1977 and 1981, 517 projects costing Rs.952 crores went into production in the state. And between 1982 and 1987, the number has gone up to 1,066 approvals at an estimated cost of Rs.1,698 crores.

But the state government handout tells only one side of the story. The number of sick units in the state has been rising at an alarming rate — from 25,000 in 1980 to around 150,000 in 1987. Basu charges that banks and financial institutions



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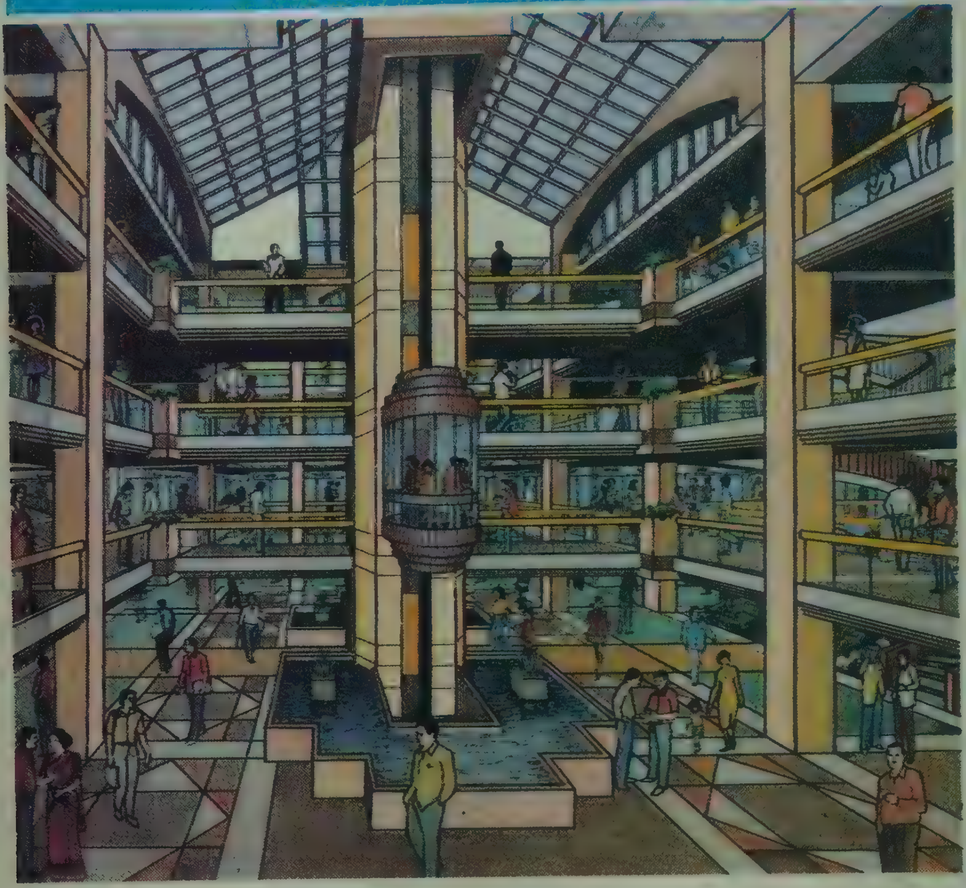

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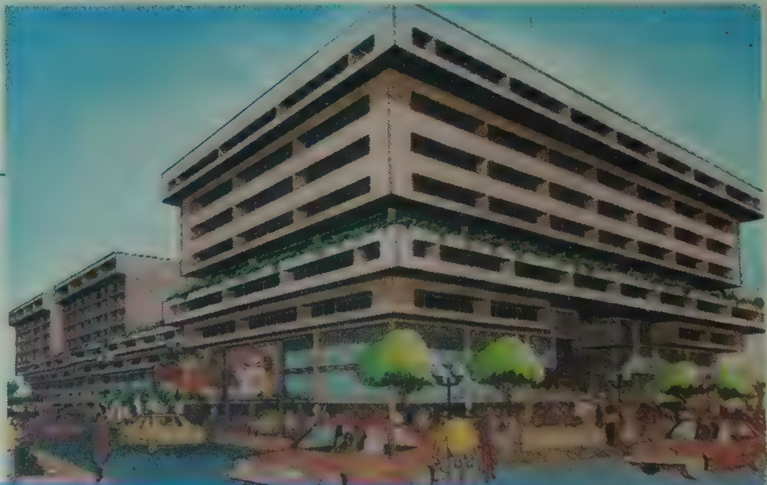

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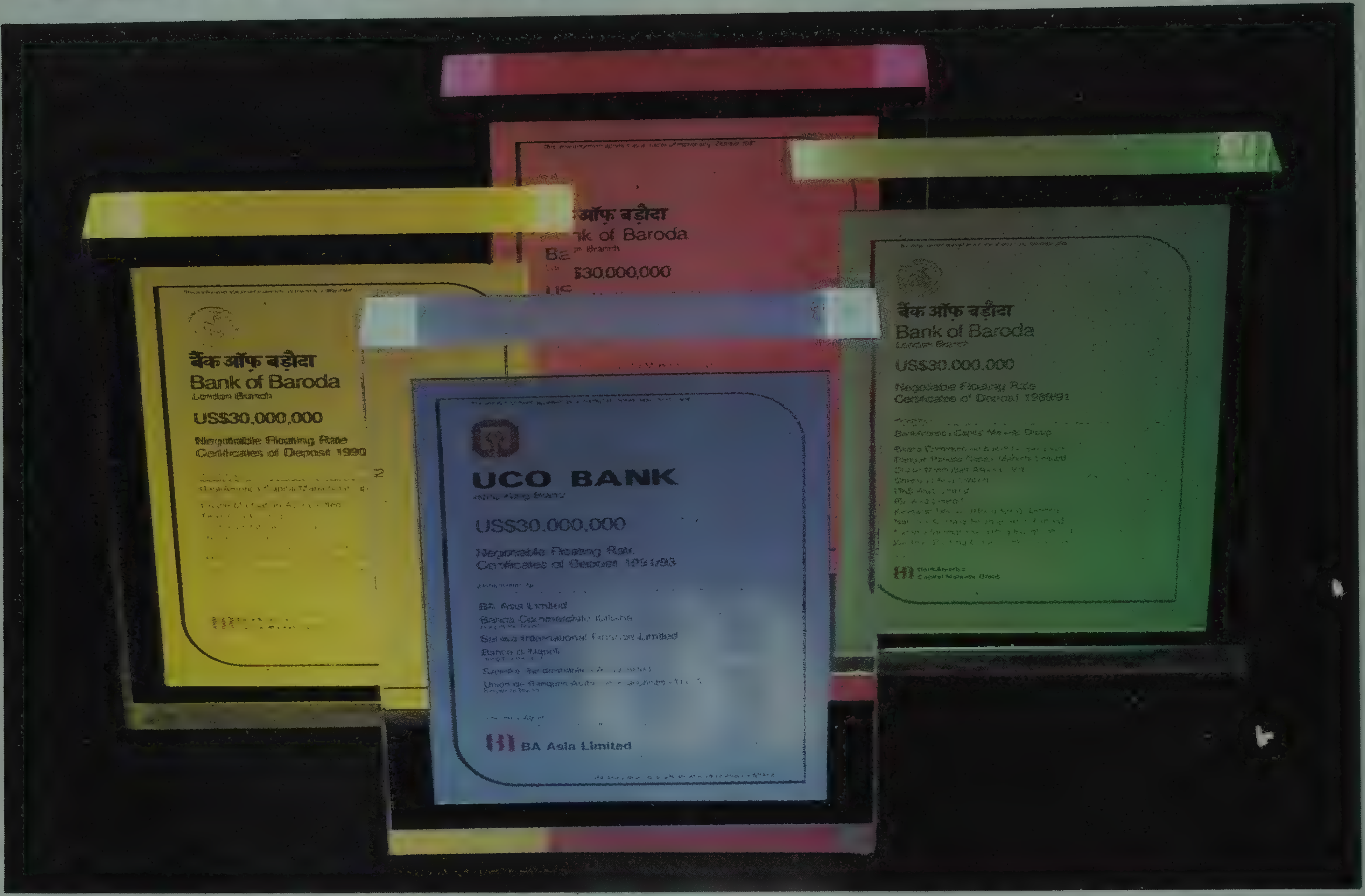
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have been "less than helpful" in assisting the state government. Out of the Rs.26,000 crores disbursed by financial institutions to all states between 1982 and 1987, West Bengal's share was a "measly" 5.6 per cent while "even" Andhra Pradesh and Karnataka managed 7.8 per cent and 7.4 per cent respectively. West Bengal's credit-deposit ratio was a mere 54 per cent in 1986 compared to Maharashtra's 81 per cent. The list of complaints is endless but the state government takes pains to emphasise that despite all this its resolve in implementing major projects has not diminished.

Prolonged dispute. A case in point is the 840 MW Bakreshwar thermal project. There was a prolonged tussle over whether the project should be implemented by the centre or the state (if the project went to the NTPC the state's share of the power generated would be restricted to 35 per cent). Following the state government's threat to go ahead without central assistance, a formal clearance in favour of the state is expected shortly. But the Haldia project continues to remain elusive. A state government handout makes allegations about why Haldia is going to be delayed. "There has for some time been talk about an identical project in Gujarat. It is suspected in some quarters, perhaps not without some ground, that if Haldia materialises the Gujarat project might not be viable." In his first meeting with the new finance minister, S.B. Chavan, Basu is believed to have remarked, "Gas crackers are coming up in Maharashtra and Gujarat. Think of us, we too are part of the country." An interesting sidelight of Basu's Bombay visit was his scheduled meeting with the IDBI chairman, S.S. Nadkarni, on the Haldia issue. But the meeting was cancelled because Nadkarni was out of the country. Basu's description of the cancellation reminded one of the head of state visiting another country only to find his counterpart had gone abroad.

Given the hostile attitude of the centre, who would want to invest in West Bengal. According to Basu, several large business house have. Peico Electronics set up its new electronics plant at Salt Lake; Siemens AG has entered into an agreement with Webel for an electronic teleprinter unit; and several large downstream units have been planned once Haldia goes on stream (whenever it does).

Responding to Basu's speech at the IMC-BCCI meeting, Ashok Ganguly, chairman of Hindustan Lever shared his company's experience in doing business in the state. "We find that productivity levels at our factories in West Bengal. compare with the best in the country. Our relationship with the trade unions in the state, generally perceived to be troublesome, has always been healthy." These views were echoed by Viren Shah, chairman of Mukand Iron: "The industrial policies pursued by the Left Front government are more pragmatic than those of many other states." Shah's only reservation was the sales tax structure in the state which he felt needed to be looked

Basu addressing IMC-BCCI meeting: West Bengal has been "deliberately ignored"

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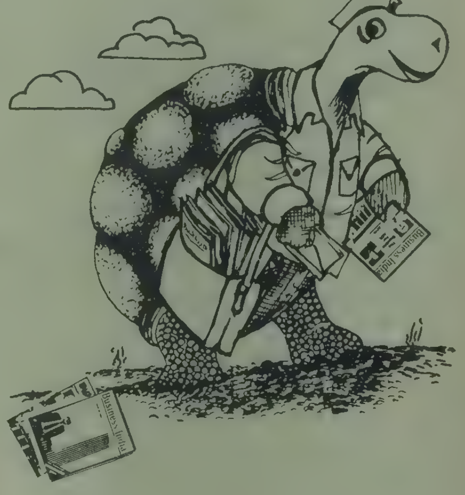

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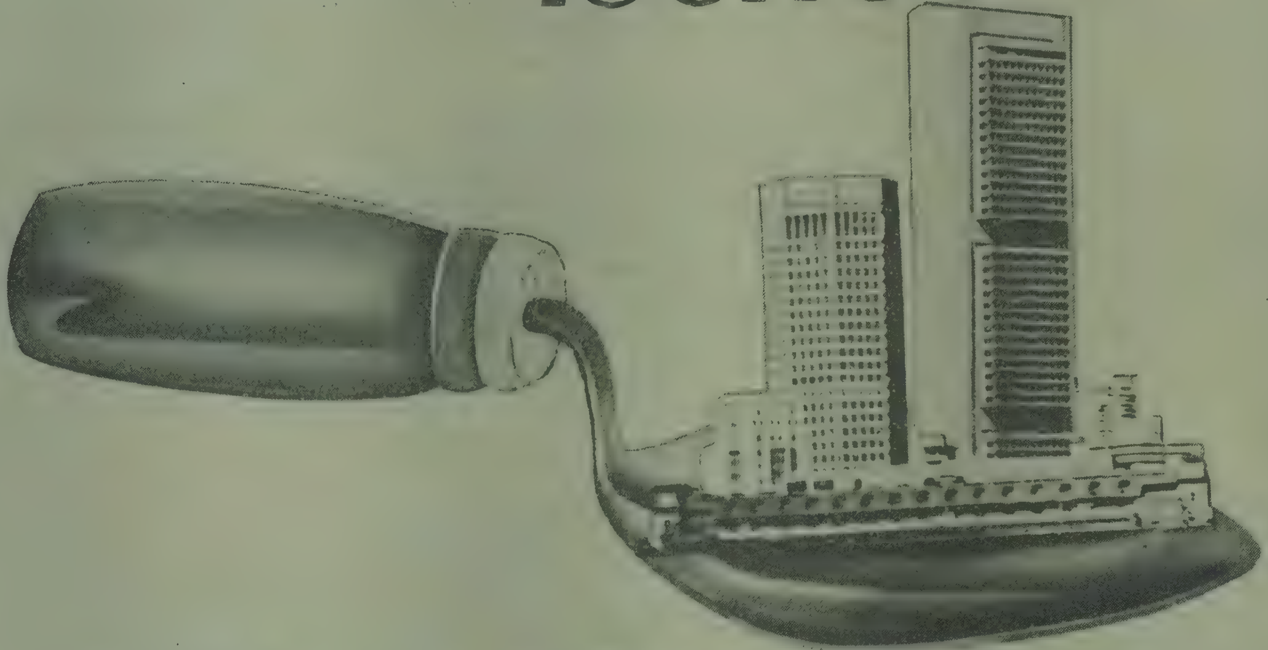

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Investing in West Bengal is no longer regarded as a joke, but a few businessmen are still sceptical about the Left Front's attitude towards "free enterprise". Basu summed up the issue for them: "A state government has little flexibility in making sweeping changes in the economy. But you (businessmen) really have to worry only if we come to power at the centre."

■ S.N. VASUKI

TV INDUSTRY

An association for the south

The formation of a new trade association called the Confederation of All India Television Audio and Video Industries (CATAVI) was announced in Madras recently. The prime movers behind the CATAVI are the heavyweights of the south Indian television industry, such as the Madras based Solidaire and Dyanora and the Bangalore based BPL. A.N. Srinivasa Rao of Solidaire is the president, Obul Reddy of Dyanora and T.P.G. Nambiar of BPL are the vice presidents. The proclaimed aim of the association is to promote the development of the television, audio, video and the electronic component industries. But its immediate objective is to try to remove the disadvantages faced by the south Indian TV industry vis-a-vis its northern counterparts.

Neglected. Although there is an Indian TV Manufacturers' Association (ITMA) based in Delhi, the south Indian manufacturers have been feeling that their problems and perceptions have not been properly represented by this body. "The leaders of ITMA have all been three or four Delhi based companies. All the top positions have been rotated among these people and we have no hope of being elected," says a senior manager of one of the south Indian TV firms. The companies he is referring to are Crown, Weston, Televista, and Salora.

According to the CATAVI, this neglect by ITMA of the interests of south-based TV manufacturers has led to many problems. "Even in 1982, when imported kits were being alloted to the TV manufacturers for assembling colur TVs for Asiad, the south was almost left out. Its share of the kits was quite meagre," points out A.N. Srinivasa Rao, president, CATAVI.

Some recent developments have prompted the southern manufacturers to take steps to protect their intersts. About six months ago, the government introduced a new rule for the electronic goods imported under OGL. The customs department now insists upon the list being attested by the Department of Electronics (DOE). "This is a time consuming affair, and this puts the south based industries to unnecessary hardships," says Srinivasa Rao. Also the southern manufacturers feel that the picture tubes an essential component manufactured either by the private sector (Samtel, JCT) or the government (Uptron) are not equitably distributed to all the manufacturers in the country. "These component manufacturers are all located in and around Delhi and the northern TV manufacturers are able to corner these components. We sometimes don't get enough picture tubes to keep our factories going," says Rao.

Another area which upsets the southern manufacturers is the delays which occur when sanctioning the TV links for the south Indian stations. "The government took its time to set up the Kodaikanal link, in Tamil Nadu. And the Tamil Nadu link is not fully operational as yet. There is still no Kannada link. All the low power transmission links have been given to the northwest and northeast and the south is left behind as usual," says a disgruntled manufacturer.

Couldn't the ITMA have taken up these issues on behalf of the southern manufacturers? "I don't think the ITMA leaders are able to perceive our problems," says Rao diplomatically." Actually the ITMA times its meetings in such a manner that it is impossible for us to attend. We are given barely 12 hours notice. Even when crucial issues are being discussed like problems involving deflection component manufacturers, we are not called. The DOE, when it wants to discuss issues relating to the TV industry calls the ITMA office bearers not realising that the south is not represented," says the not so diplomatic executive quoted earlier.

Fortunately for the southern manufacturers they are not really a weak lot. They account for 25 per cent of the country's consumer electronics business worth around Rs.1000 crores a year. The three manufacturers (Dyanora, Solidairie and BPL) have made a name for themselves and feel confident that by forming a south Indian lobby, they will be heard and not brushed aside. "We don't want to be wiped out like the audio industry which exists only in Delhi, barring the big two, Peico and Bush," says A.S. Ramanaprasad, treasurer, CATAVI.

■ SUSHILA RAVINDRANATH

NORTH MADRAS LAND

Virtually gifted away

Should public land which has been historically classified as an "open space and recreation zone" be allowed to pass into private hands for conversion into commercial property? This is the question agitating Madras at the moment. Fifteen acres of such land in north Madras have been turned over to a group of non-resident investors for the construction of a hotel complex.

The group of non-resident investors who decided to set up a joint sector project with the Tamil Nadu Tourism Development Corporation (TTDC) called the Pallava Hotels Corporation Limited (PHCL) could scarcely have imagined that their project was going to become so controversial. After all, hadn't they received the blessings of M.G. Ramachandran, the then chief minister of Tamil Nadu?

Friendly favours? The land in question was the site of the Madras Zoo before it was shifted to the suburbs. Full of ancient trees and a lake, it is virtually an oasis in terribly congested north Madras.

But once MGR approved the Pallava Hotel project, things moved at breakneck speed contrary to the usual practice. The group of NRIs from the US was headed by Maryland-based Palani G. Periasamy, an economist by profession and president of PGP International Financial and Industrial Consultants Inc. Most important, he was a close friend of MGR. So in a state not renowned for activity on the industrial front, projects associated with Periasamy got instant approval. (Last year, when several sugar projects were cleared after a gap of many years, Periasamy's Dharani Sugars was one of the beneficiaries.)

In the second half of 1987, the north Madras land which belonged to the Madras Corporation was transferred to the Madras Metropolitan Development Authority (MMDA). The MMDA had to give assurances that the land would be maintained as open land, that public access to the land would not be curtailed and so on.

In the meantime PHCL was formed as a

joint sector project with the TTDC. The cost of the hotel was estimated at Rs.40 crores and the equity capital was Rs.11 crores. The NRI share is 25 per cent. This is where MGR proved more than generous to his friend. The TTDC's contribution which is 26 per cent came in the form of land — the north Madras land, which it acquired from the MMDA. According to the original discussions, this land was to be leased to TTDC for 30 years which is the normal lease period. But later the land was made over to TTDC in perpetuity with no conditions attached. All these transfers took place in a matter of weeks. By December last year PHCL was in possesion of the land.

Public reaction. In the first week of June this year the MMDA placed a notification in the *Hindu* seeking public reactions to the conversion of this land, located in Vepery village, from "open space and recreational use zone" to "commercial use zone". It was then that people woke up and realised that public land had virtually been gifted away. If the land had been sold at commercial rates, even by conservative estimates, it would have fetched a minimum of Rs.18 crores to Rs.20 crores, not a paltry sum for the Madras Corporation which is perpetually strapped for funds.

Another reason that people were opposed to the move was that the Vepery land served as a recreational site. The Madras Corporation had neglected the land, but many people used to picnic there.

Says Periasamy, "We are a legitimate group of non-resident investors, who want to prevent the chronic degradation and decay of the city. Our hotel and amusement complex will revitalise Madras. In America land is given away free for this kind of thing. Our project will bring new technology and a sense of uniqueness to Madras. Our hotel complex will not ruin the ecology of the place. The trees won't be cut down and the lake will be kept intact."

There are some who feel that Periasamy should be permitted to go ahead with the project. They argue that Periasamy has not done anything wrong in acquiring the land. Also, the senior partner in the project is the TTDC which is accountable to the state government anyway. More important, the state has hardly attracted any NRI investment and the little that comes should not be scared away.

No safeguards. Those who oppose the project feel that once the land is reclassified as commercial there is no way that the government or the MMDA can legally stop the hotel from exploiting the full economic value of the area. Whatever promises Periasamy may make today, he can change his mind later to use every inch of land for commercial purposes.

Says a government official who did not want to be quoted, "Earlier one acre of this land was set aside for a public bus depot as it was the only area close to the central railway station. But it has been swallowed up by this project." A spokesperson of the Consumer Action Group of Madras complains, "The whole of north Madras is densely populated and has severe problems of congestion, over-population, pollution and inadequate services. There are hardly any parks and playgrounds. To take away the only open space and hand it over to a hotel project is nothing short of a crime."

Whatever the merits or demerits of the project, the usually docile citizens of Madras have decided to protest strongly against this project. Various citizen groups have taken up a signature campaign and collected more than 20,000 signatures in just three or four days. An irate environmentalist sarcastically asks, "Why not hand over the Marina beach in Madras to a developer? Or the Nehru Park in Delhi?"

The governor's administration, it is rumoured, has taken a dim view of the decision to hand over so much land to this project. According to sources who do not wish to be quoted, the governor's advisers feel that instead of scuttling the entire project, only part of the land should be handed over.

A decision is expected to be taken soon. Will the citizens of Madras triumph over a whimsical decision made by MGR?

■ SUSHILA RAVINDRANATH

BREAD

Delhi prices unremunerative

Bread is likely to become scarcer in New Delhi as more manufacturers close down because of unremunerative prices. While the Rajiv government's avowed objective is to dismantle the complex web of controls over Indian industries, the bread industry in Delhi is strangely still under price control. All controls on the production and pricing of wheat products were withdrawn in September 1986; the control on bread prices, therefore, strikes a discordant note not just because it is erroneous but because of the damage it has done to bakeries.

In no other major city in the country are bread prices as controlled as in Delhi. Whereas the current price of a 400 gm loaf in Delhi is Rs.1.55, the same sells for Rs.2.40 in Bombay and Rs.2.25 in Madras. A large number of small bakeries in Delhi have pulled down their shutters over the last three years because of unremunerative prices. A spokesman of the All India Bread Manufacturers' Association (AIBMA) says that with most small units unwilling to invest in new capacity creation, the availability of good quality bread will become a major problem.

It is pointed out that unlike the end product, not even a single raw material used in bread-making is under price control. Also, since 1982 the Delhi Administration has not given any compensation for hikes in the prices of raw materials other than maida. It is estimated that the hike in the cost of yeast, wrappers and fuel, and the increase in wages and selling and distribution costs amount to about 40 paise for a standard loaf of 400 grams since 1982.

The AIBMA spokesman quoted earlier points out that when the issue price of wheat supplied to roller flour mills was raised during the past two years, the Delhi Administration adjusted the price of bread, taking into account the ruling priceof maida at that time. The market price of maida in June this year was Rs.250 for a bag of 90 kg, which is almost Rs.50 more than the price a year ago. It is contended that the price increase of maida alone entails a minimum price increase of 19 paise for a loaf of 400 grams. All told, the bread manufacturers in Delhi want compensation to the tune of 70 paise for a 400 gram loaf. However, officials in the union ministry of food and civil supplies, and the Delhi Administration, rule out any possibility of offering enhanced price support to manufacturers, what with elections to the metropolitan council round the corner!

Meanwhile, D.L. Baitha, the deputy minister for food and civil supplies, has urged flour mills to sell wheat products at reasonable prices. Bread manufacturers in Delhi wonder whether a mere appeal to goodness will yield any results. With their very survival at stake, they are looking for more concrete measures.

■ A CORRESPONDENT

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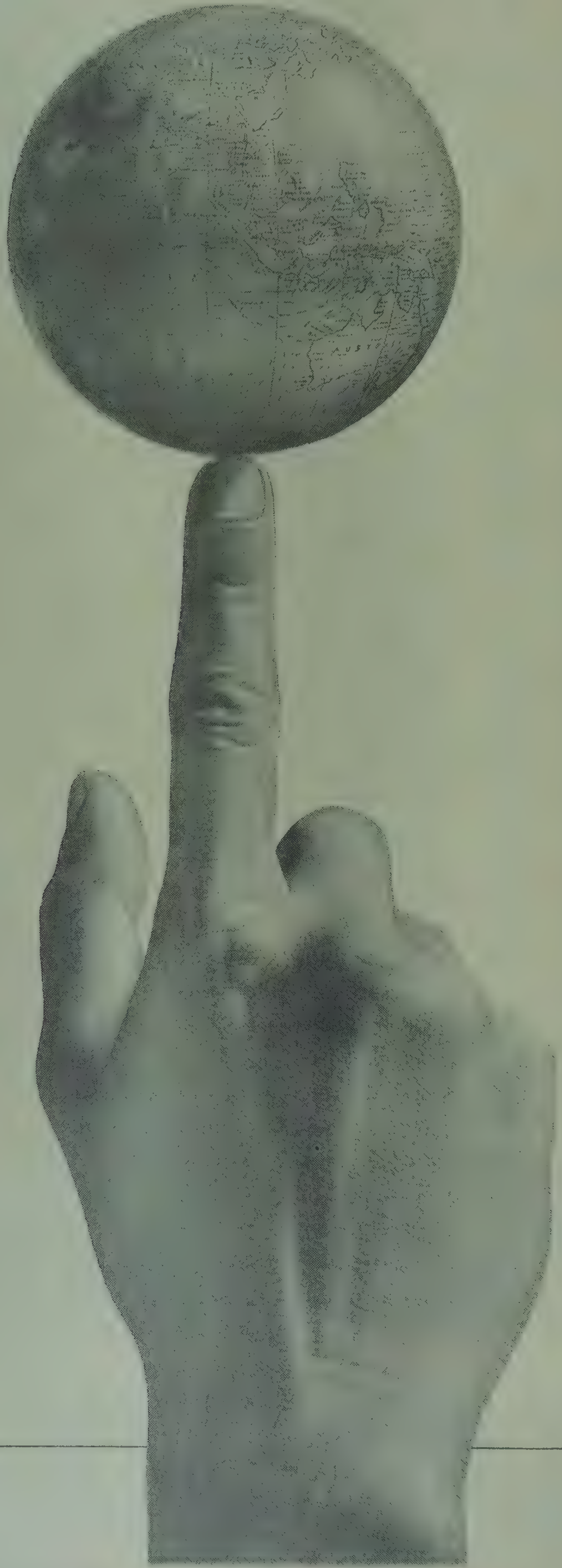

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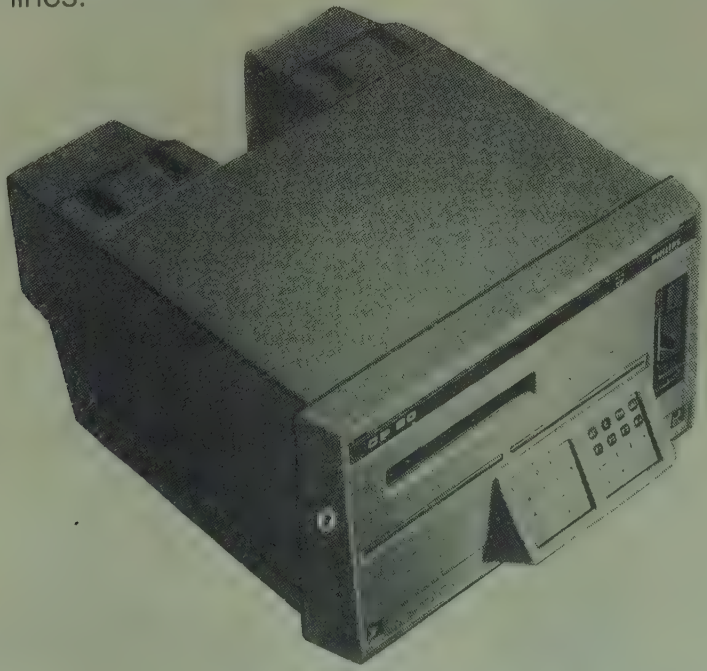

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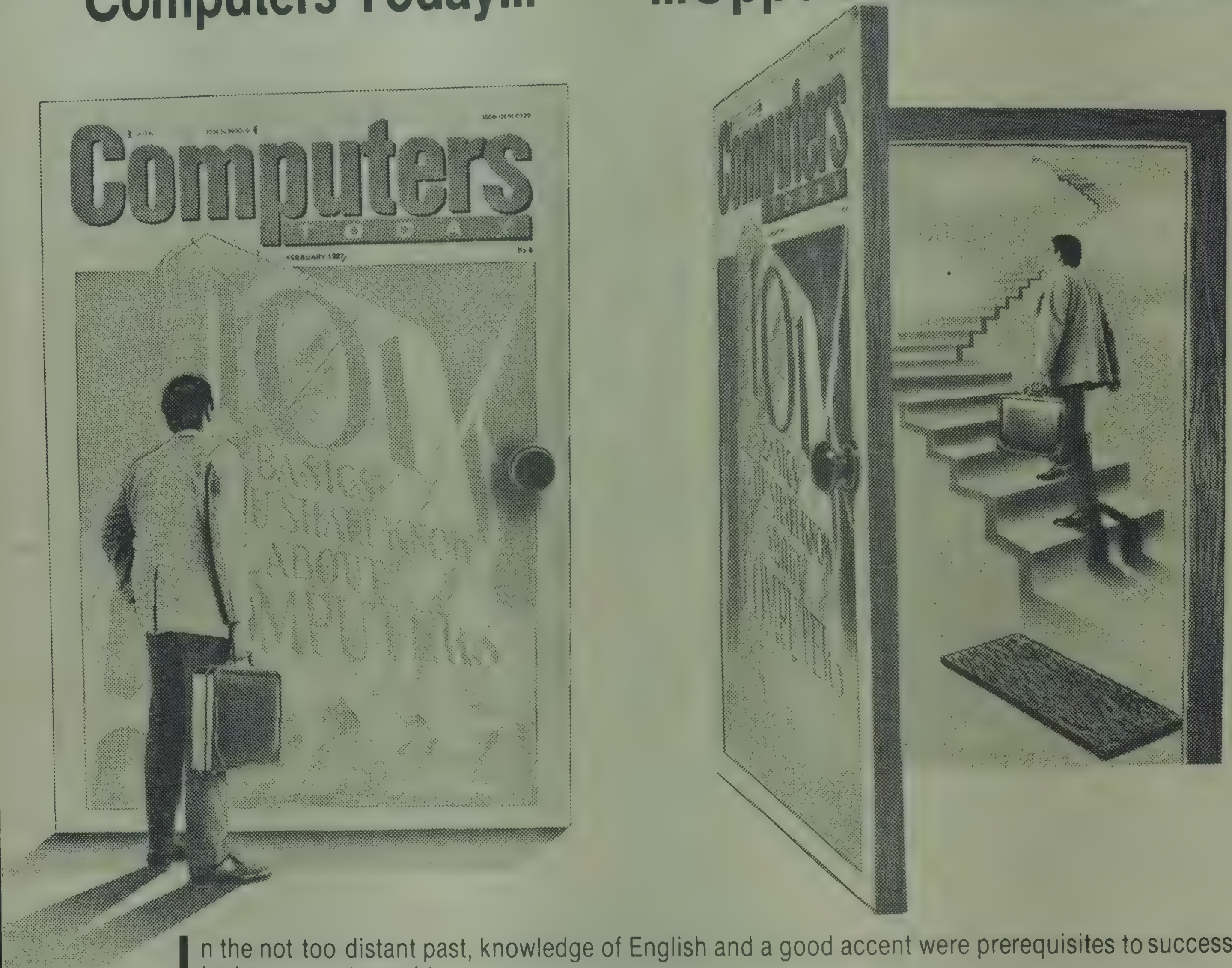

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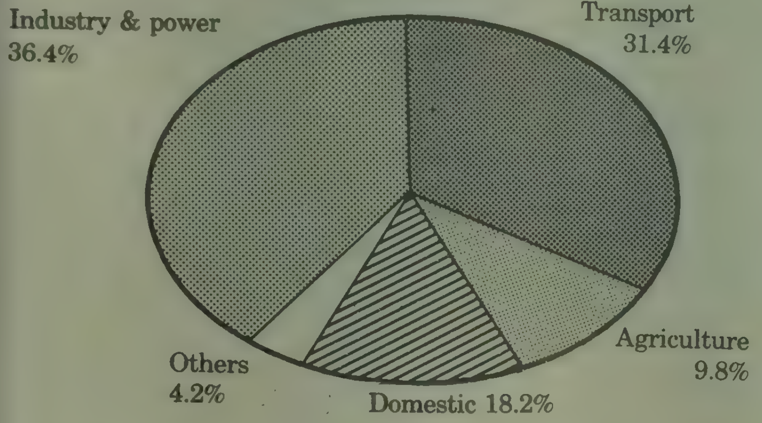
Sectorwise energy consumption



Industry power and the transport sector together account for about 68 per cent of total energy consumption in the country. In Industry, the major consumers are iron and steel, cement, aluminium and pulp and paper. Energy consumption in these industries is nearly twice as much as in developed countries, hence the scope for conservation.

Wholesale price index: The all-commodities WPI has increased by 1.6 per cent in the month ending 2 July 1988, as against a rise of only 0.9 per cent in the corresponding period of the previous year. In primary articles, pulses rose sharply by 6.6 per cent, and in manufactured products, sugar khandsari and gur by 10.3 per cent, during the period under review.

(1970-71 = 100)

	2 July 1988	4 June 1988	4 July 1987	% change over month	year
All commodities	429.9	423.3	394.8	1.6	8.9
Primary articles	404.1	397.5	369.7	1.7	9.3
Mfg. products	410.9	403.4	376.6	1.9	9.1

Money and banking (scheduled commercial banks): There has been a sharp rise in bank deposits in the last few weeks. This has resulted in deposits increasing by Rs. 8,435 crores in the current financial year. This has prompted the Reserve Bank to hike the CRR by 0.5 per cent to 11 per cent.

(Rs. crores)

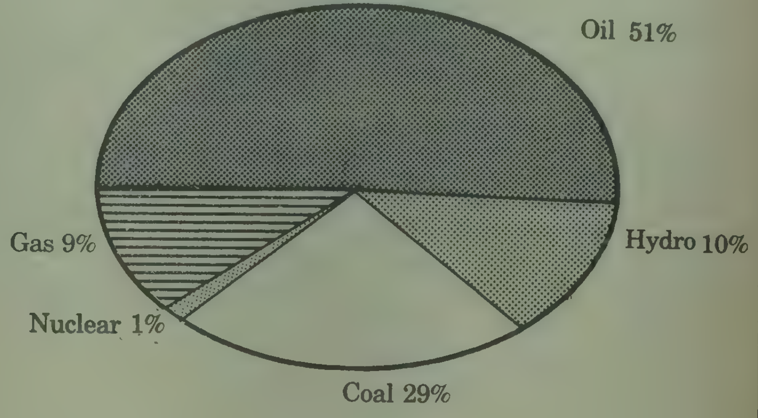
	15 July 1988	17 June 1988	17 July 1987	% change over month	year
Broad money (M3)	172,188	169,106	146,919	1.8	17.2
Agg. deposits	126,009	122,177	107,275	3.1	17.5
Bank credit	72,643	71,383	64,323	1.8	12.9
Food credit	1,922	2,095	4,837	– 8.3	– 60.3
Credit/dep. ratio	57.65	58.43	59.96		

Bullion prices and stock market index: The domestic prices of both gold and silver have hardened in recent weeks. The Bombay stock exchange index has again crossed the 600 mark and is slated to increase further after a brief period of adjustment.

	29 July 1988	29 June 1988	29 July 1987	% change over month	year
Gold (Bombay)	3,250	3,130	2,870	3.8	13.2
Gold (London)	1,973	1,950	1,913	1.2	3.1
Silver (Bombay)	6,101	5,924	5,026	3.0	21.3
Silver (London)	3,072	3,016	3,352	1.9	– 8.4
Bombay stock exch. index (1978-79 = 100)	603.59	583.50	498.66	3.4	21.0

Gold prices are in rupees per 10 gms and silver in rupees per kg.

Sources of energy

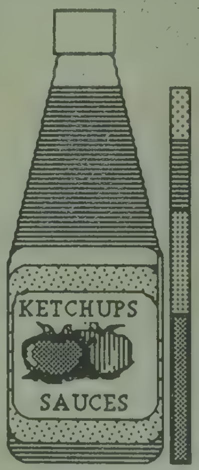


Oil accounts for 51 per cent of total energy consumed in the country. This is in spite of the fact that the country has vast reserves of coal, gas and hydro potential, as against rapidly depleting reserves of oil. In the future, the focus will be on greater utilisation of gas.

Ketchups/Sauces (Urban Market)

The total market for ketchup/sauces in urban India has been estimated at Rs.15 crores in 1987. It has grown by about 43 per cent over the year 1986.

Market Distribution by zones — (Jan-Dec '87) — Urban



	%	Rs. Lakhs
South	13.1	199
East	18.8	285
West	27.1	412
North	41.0	622
All India		1518

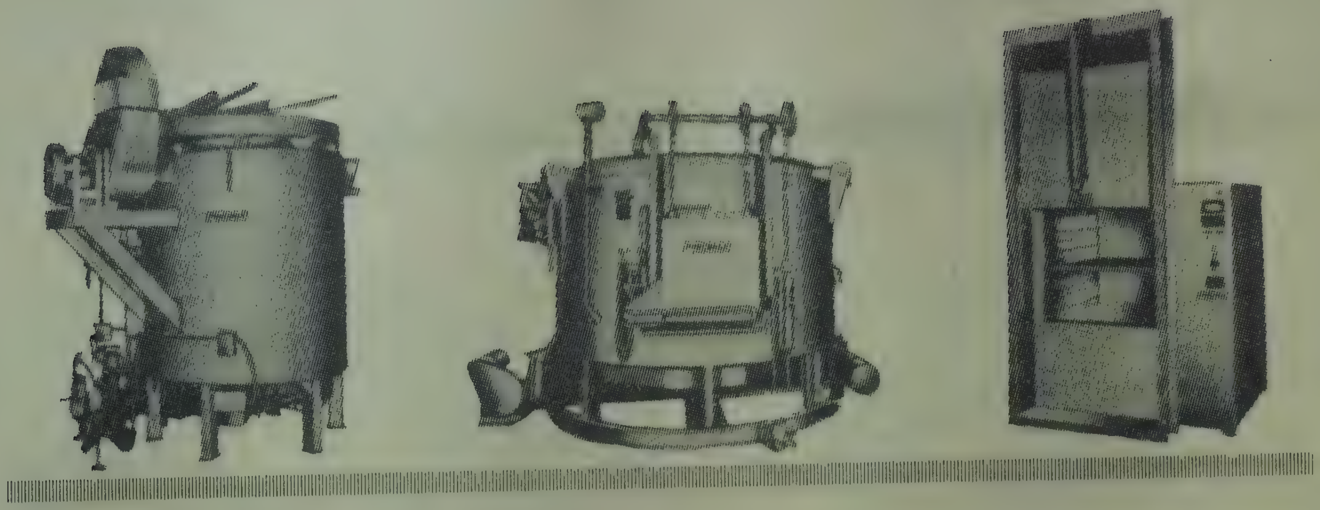
North zone was the highest contributor to the All India market. It contributed about 41 per cent to the ketchups/ sauces market, followed by the west zone (27%). East zone contributed about 19 per cent while south zone, the lowest contributor, had a share of 13 per cent in the ketchup-sauces market.

Market Distribution by town segments — (Jan-Dec '87)

	%	Rs. Lakhs
Others	11.3	172
Class I	41.5	630
Metro	47.2	716
All India		1518

Metropolitan towns accounted for 47 per cent of the total ketchups-sauces market in the year 1987. Class I towns accounted for 42 per cent of the total market. Other Urban towns had only 11 per cent share.

Courtesy: Operation Research Group



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Planning for the Eighth Plan

The Seventh Plan will not go down in history as a great success; adverse natural factors made planning look silly and targets go haywire. Nevertheless, planning as a process of our economic development has not been ditched and work on the general framework of the Eighth Plan has begun.

The prime minister has made it quite clear that the approach of the Eighth Plan has to be different from that of earlier plans. "It has to be made more dynamic and effective at the grassroot level," he said, "with planning not from the top but from down to the top."

The emphasis of the plan, in his opinion, should be on an integrated employment strategy that envisages maximum utilisation of agricultural labour, diversification of agriculture, creation of additional jobs, and application of modern technology to tackle problems.

It has been estimated that in order to achieve a growth rate of about 5.5 per cent per annum, an investment of about Rs.600,000 crores with an incremental capital output ratio (ICOR) of 4.4 would be required. For a 5.5 per cent growth rate the investment rate is put at about 24.25 per cent. With the current rates of saving and investment hovering around 23 per cent and 22 per cent respectively, realising the above targets will not be easy. If a paper by Yoginder K. Alagh, member, Planning Commission, is any indication, the thrust of the new plan will be on overcoming the "structural backwardness of the economy".

It has now been realised that for significant growth in per capita income a reduction in the population growth rate is necessary. In the mid-seventies, when the family planning programmes were intensified, the plan was to reduce the growth rate from 2.2 per cent to about 1.5 per cent per annum by the end of the eighties. Unfortunately, indications are that the growth rate has not declined in spite of all efforts.

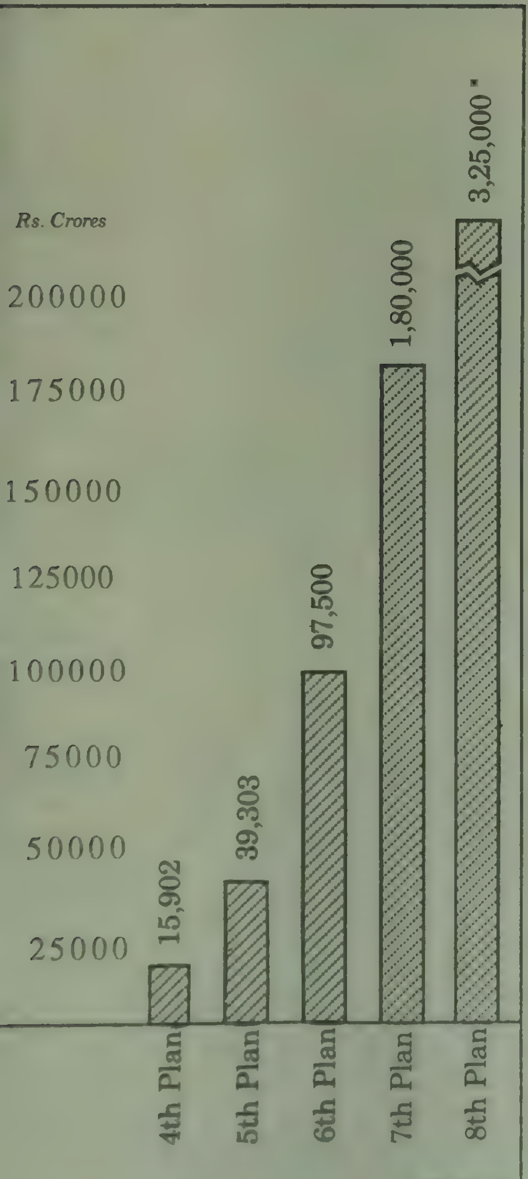
On the agricultural front, the paper points out that greater emphasis will be placed on dryland agriculture. Studies have shown that major and medium irrigation projects have become dysfunctional. Therefore, priorities will have to change and greater emphasis given to minor irrigation programmes that do not cause harm to the environment.

The persistence of rural poverty and unemployment after three decades of planning indicates that more efforts are needed in this area. Greater attention is, therefore, being paid to large-scale employment schemes and self-employment promotion programmes. It is now common knowledge that the IRDP programmes have not made much of an impact on poverty. Therefore, the urgent need is to take up rural development schemes that are closely connected with other programmes such as Operation Flood, small farmers' programmes, and the watershed development project.

Equal emphasis needs to be placed on rural industrialisation programmes. But here, an effort has to be made to upgrade the skills and the entrepreneurial abilities of the rural population. Credit handouts alone will only dissipate scarce resources. A more selective approach is necessary, because the evidence suggests that institutional credit to the weaker sections in rural areas needs to be enhanced considerably.

The Planning Commission seems to have taken a major step towards decentralisation when it asked the state governments to draw up their own plans for industrial growth in the Eighth Plan period. This indeed is an answer to the longstanding grievance of state governments that the plan document was thrust upon them without proper consultation.

However, some observers feel that resource mobilisation will not be easy given the falling rates of savings and investment. Needless to emphasise, greater resource generation in public sector enterprises is imperative to avoid a resource crunch. Whether it will be realised in practice is a moot point.



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Lame leadership

A cavalcade of trucks disgorged the "hired faithful" at Race Course Road on Tuesday, 2 August — a demonstration of the paid-for hope that surrounds the prime minister today. This show of support at Rajiv Gandhi's door-step however seems to carry substantially less conviction as time passes by.

Barely a week before this latest but barely noticed round of rah-rahing, was the effort to make political capital out of the PM's visit to the cholera-infested areas of New Delhi. Buoyed no doubt by the hired-hordes, Gandhi commanded that the slums must be cleaned immediately. A firman that could not be obeyed — and which anybody who cared to look thereafter would see, remained just what it was meant to be: an empty diktat of the prime minister. While the fallout of the epidemic was severe — in terms of high officials who bit the dust — the feeling prevailed that little of substance had happened and that the victims were hapless puppets of more powerful politicians.

It is in the background of all this that the trucking-in of goons gains significance. There is a feeling that seems to be growing in New Delhi that the prime minister no longer suffers from the mere disability of not knowing what is really happening. This factor today seems compounded by a more serious and damaging possibility — the prime minister can no longer do what he wants to do.

Evidence of a seriously debilitated ruler has been mounting — whether it is in the matter of composing his cabinet or in removing mountains of garbage. Equally serious seems to be his inability to lay down even the rules he claims to have created — witness the sheer incapacity to enforce the rule of no agents (see Suri-Sumitomo et al below) even after the Bofors scandal.

While the ruler himself may seem debilitated by the toll that his troubles are taking, the worries about the centre holding together multiply when the rest of the PM's current team is examined in detail. Senior ministers seem to have abdicated their duty of defending the governments and indeed very few of them have been spotted on the ramp as the attacks on this government intensify. Equally frightening, for the prime minister at least, should be the obvious disarray in which cabinet ministers currently are as they face Parliament. At least in the key economic ministries, the new incumbents in finance and commerce being prime examples, the changes have been so swift and sudden that the ministers have yet to settle down to understanding their complex tasks. In the meantime, there is the frightening possibility that between an overburdened PM's secretariat and an un-initiated minister, nobody may really be in charge of key economic decisions.

A seriously debilitated ruler

All the dissatisfaction and discontent that seems to be erupting in the polity cannot be wished away on account of the bountiful monsoon. The danger of a national leadership that is steadily losing control may become a reality.

Suri-Sumitomo et al

The "Suri-Sumitomo scandal" that surfaced last week has predictably rocked parliament. It takes quite a bit — a few crores to be precise — for that august body to get excited. And by all accounts, this latest Suri sortie into the by now familiar-to-all area of commissions, is only the tip of the iceberg. They say that the deals involving this same coterie of friends and associates of the ruling house are legion. In fact anybody in New Delhi will indicate a dozen other deals of this size where kickbacks, pay-offs, commissions or consultancy fee have been paid.

Government, in the aftermath of the Bofors blood bath, had ruled myopically, hypocritically and hopelessly that agents would henceforth be anathema. From all reports this rule has not been enforceable even in the most afflicted ministry of defence.

The Sumitomo-Suri nexus which involves GAIL, which was building the HBJ pipeline, and ONGC, which also purchased pipes, is an even more blatant case than Bofors. It is well-known that pipes are the kind of commodity where specifications once laid down and tenders once called for do not require enormous decision-making. But clearly Sumitomo thought it prudent to maintain a consultant with the kind of clout that Suri flaunts. And the facts bear out Sumitomo's faith. In the deal in question, Sumitomo secured a large share of the orders for pipes despite Petrobras of Brazil having emerged clearly as the lowest bidder. At that time, this decision, which had raised a hint of controversy, was explained away by the availability of yen credits that made a Japanese supplier preferable. Clearly, a consultant may have been of assistance in steering such a package through the labyrinth of government — especially if he has the backing of the powers that be.

While GAIL and ONGC claim that their shortlists are processed by the ministry of finance, which decides on free foreign exchange versus bilateral credits available, companies who deal with these monolith buyers clearly know the value of middlemen to swing deals their way. And sources in both companies indicate that there have been cases where lowest tenders have lost out, on one account or the other, when a final decision is taken and orders placed.

The doubts that the Suri-Sumitomo scandal raises therefore are two-fold. The first is whether the right decision is often replaced by a wrong choice on account of the presence of a powerful "consultant". The other question is whether the country pays a higher price for its procurement on account of hefty payments that foreign companies have to make to "commission-agents". If either of these worries is real, then the entire methodology of government purchases, especially where overseas suppliers are involved, becomes suspect.

And given the huge volume of imports that are currently passing through the economy, the need to evolve some system of transparent purchase practices deserves attention. Which of course assumes that the coterie at the centre of all this believes that scandals of this kind damage the credibility of a government that is steadily approaching the day when it will go to the polls.

■ DILIP CHERIAN

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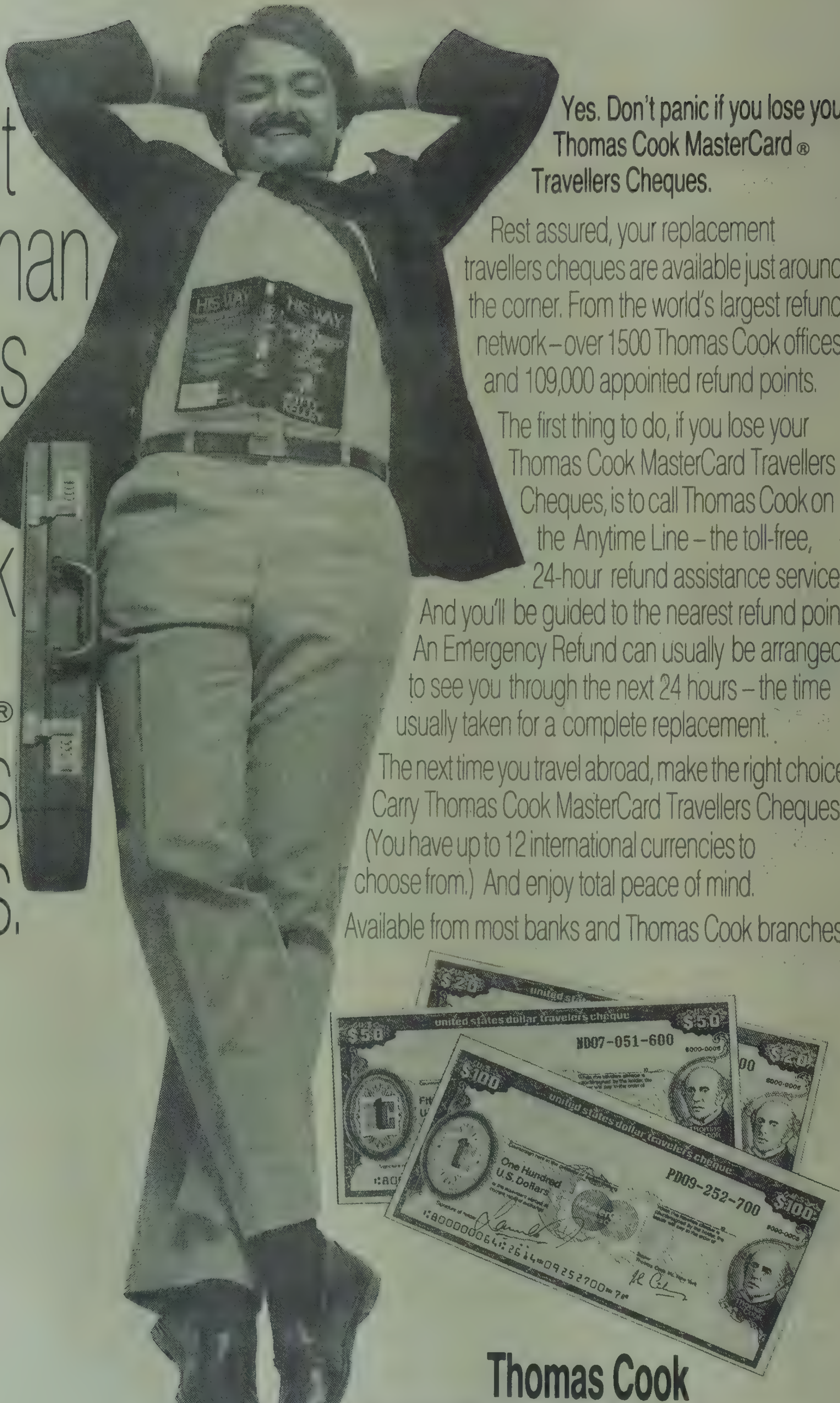

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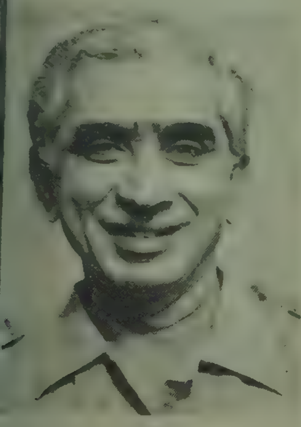

ASWANT SINGH

The sociology of grovelling

I cannot say if you have ever been, but I am always struck by a certain sense of unseemliness in the drama that gets enacted, whenever our prime minister leaves the country, or returns. For instance, he has just been on a perfectly wonderful whirl of some of the vacation spots of Europe: Spain and its Iberian delights; the pre-biblical wonders of Petra in Jordan; the beautiful woods and mountains of Balkan Yugoslavia; and then onwards to Istanbul, Ankara and Izmir; to luxury dinner cruises on the Bosporus and visits to the Greek ruins of Ephesus on the Aegean. All, of course, at state expense; all, while cholera spread in the capital; the ASLV dived into the ocean, and IPKF soldiers continued to be killed in Sri Lanka. I suppose prime ministers must travel and they too must have fun, but how? And that is where I must admit I envy our prime minister his sense of irresponsibility. But all this is only *en passant*: about it, at greater length, more anon.

For the present, we are engaged with the unseemly spectacle of his arrivals and departures only. A queue of his followers then stand fawningly, to bid him good-bye or to welcome him back, all with transparent insincerity. The other occasion when you witness this is when the prime minister, infrequently, comes into the Houses of Parliament. Inside the House, it is the Chair that is the (only) authority; and it is for the occupant of that Chair alone that the House rises. Yet, let the prime minister but step in and his band of toadying followers immediately cringe to their feet. It is such behaviour that persuaded me to begin enquiring into the sociology of our grovelling. To be fair then, it is not in the Congress party alone that such behaviour manifests itself. Whenever, to take another example, the *nouveau riche,* (or the not so rich) get together in Delhi, where a 'VIP' has been invited, (and incidentally, we must be the only country in the world with gradations of even this category, for we actually have official designation of personages as VVIPs), the art of competitive obsequiousness flowers.

Of course, should Rajiv Gandhi himself be the person being so welcomed, you would then witness paroxysms of grovelling; mass demonstrations of abject servility, as if we were all a nation of domestic servants. This self-induced ecstasy of servility turns into near hysteria the moment any of these personages takes a lunge at humour. Rajiv Gandhi, for instance, has only to say something perfectly absurd like, "I had to wait at the airport like all of you do when catching an Indian Airlines flight," and the assembly would begin to fall about in uncontrolled convulsions of mirth. If on such an occasion, were a TV camera to be present, of course, it would record this merriment of Indians joyous in the company of Rajiv Gandhi.

he author is a
ember of Parliament

This, to me personally, is totally unacceptable. It is impossible to accept such patent humbug even as behavioural abnormality: that making people grovel, or lie, is good either for them, or for their leader, or for our nation. It is demeaning in the extreme. It is grossly corrupting of our psyche, because it encourages the worship of rank, inheritance or official position, not individual merit. Whereas, even the USSR and the PRC are currently engaged in demolishing myths and breaking icons, we are concentrating on creating new ones. Sitaram Kesri, a historian of hidden talents, so it appears, demonstrated a truly sickening example of it recently, by announcing his own version of the genealogy of one of our prominent families. According to Kesri, there are only four Nehrus: Motilal, his son Jawaharlal, his daughter Indira and her two sons. This is truly the pits, for there really is no other word graphic enough to describe such a nadir of abasement. But if *yatha raja be tatha praja,* and should Kesri's be a true representation of our ruling 'culture', then we know atleast where the sociology of our grovelling originates from.

We need, not just to reject such abasement, we must indeed react violently against any manifestation of this vile tendency. We need many more like that little boy who tugged impatiently at his mother's hand when he saw the premier on the box to ask: "Mummy, what is that man for?" From a nation of idol worshippers we must become unbridled iconoclasts. In which context we need to do a bit of paraphrasing of H.L. Mencken, who had an epithet for Calvin Coolidge, "He had no ideas, and was not a nuisance." We need to apply that to our politicians, but in a slightly modified form — "They have no ideas but are a nuisance", because they think they have. Paul Theroux describes a recent visit to Mao-Tse-Tung's birthplace in Shaoshan, Hunan Province — that village which used to draw three million idolisers annually, an average of 8,000 a day. "The sun rises in Shaoshan" used to be a major slogan of the cultural revolution. Arriving in an empty train, in an empty village, Theroux says, "It was the town that time forgot; ghostly and echoing.... in any other place an atmosphere of such emptiness would seem depressing; but this was a healthy neglect — what is healthier then refusing to worship the politician?" Only then will our chapter on the sociology of grovelling end.

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RELIANCE PETROCHEMICALS

The mega issue

Later this month, Reliance Petrochemicals, the new company promoted by Dhirubhai Ambani's Reliance Industries, is to bulldoze its way into the capital market with a mammoth fully convertible debenture issue. The Rs.600-crore mega issue signals a major change in the financing of such large projects. The debt overhang is virtually nil, thanks to the solid support of nearly 3 million investors all over the country who are expected to make a beeline for the coveted Reliance paper

The Great Indian Treasure Hunt is on! "Intelligent, educated boy seeks attractive alliance with girl of family with sound financial sense, who've invested in Reliance Petrochemicals Ltd debentures. No dowry. Family's financial wisdom main consideration" — from the matrimonial columns of *The Times of India*, Bombay, 24 July 1988. "Car Hire. Luxury trip to prosperity at attractive low rates. Book your debentures for Reliance Petrochemicals Ltd. Contact Box B 389-K, Times of India, Bombay 400 001".

That's "mega" hype for a mega issue. What Reliance will think of next is anybody's guess. On 22 August Reliance Petrochemicals Ltd (RPL), the brand new company promoted by Reliance Industries Ltd (RIL) is to bulldoze its way into the capital market with a mammoth fully-convertible debentures issue. The Rs.593.4 crores mega issue, the largest ever to be floated by a company (and a new company at that) is quite easily the capital market Spectacle of the Year.

"Ambani does it again" is the cry, and the usually sedate merchant banking and stock broking fraternity of Bombay appear to be going overboard in their enthusiasm to promote the issue. "It's a bullish issue. Just what the stockmarkets need at this stage," says Mahendra Kampani, vice-chairman, JM Financial and Investment Consultancy Services (JMFICS). Adds Kamlesh Gandhi, president, Champaklal Investments and Financial Consultancy Services (CIFCO): "More than anything else the Reliance Petro issue will help in bringing new investors to the market. The momentum gained in spreading the equity cult was lost after 1985. This issue may help in reviving it."

A lot of hopes are pinned on the Reliance Petro issue; its success (marketmen expect the public issue to be oversubscribed 2.5 times) is expected to provide a tremendous boost to the capital market. And it could also usher in a novel method of financing large projects with long gestation periods. Says M.V. Shah of ICICI's merchant banking division, who are lead managers to the issue (having handled all the 11 Reliance issues to date), "The Reliance Petro issue is a test case of whether large projects can be financed entirely from the capital market. The feeling is that if Reliance cannot do it, nobody else can."

Undoubtedly the Reliance Petro issue is the piece de resistance of the government's gifts to Dhirubhai Ambani. It caps a remarkable turnaround in the political fortunes of the Ambanis and Reliance Industries who until recently appeared to be running scared and running blind.

Starting with the union budget, Reliance has been showered with concessions. Excise duties on polyester and import duty on MEG (mono-ethylene glycol, a key raw material for polyester) were reduced. Simultaneously, the government raised the import duty on paraxylene, another key raw material. (Though this may hurt Reliance in a small way it is virtually bleeding the DMT operations of its arch rival, Bombay Dyeing). After this, Reliance's Patalganga complex was accorded refinery status, which means it can obtain naphtha at substantially cheaper

The Ambanis: promises to keep

prices. And soon after RPL got capital consent, imports of commodity plastics (polyethylene, PVC) were allowed under open general licence (OGL) on a "stock and sale basis". Earlier these were allowed under OGL for actual users only. This means that Reliance Petro can commence trading operations from day one. And now, unconfirmed reports suggest that the company has also bagged the long-awaited Saleempur aromatics project in Uttar Pradesh. Investors no doubt will be impressed.

In just ten days starting 22 August merchant bankers believe, Reliance Petro will collect a staggering amount of around Rs.660 crores which could be the envy of many a bank. (What this number means can be better appreciated when compared with the net additional revenues of Rs.546 crores the union government expects to raise through new levies in the budget for 1988-89!) The general expectation is that the public issue will be oversubscribed 2.5 times. It will be mainly supported by "new" shareholders but existing ones too will put in their mite. This is because the excess application money of the preferential issue will be automatically transferred to the public issue for further allotment (at the option of the shareholder). And given the lure of immediate appreciation as well as a reasonable interest income, most shareholders are expected to exercise the option.

It is no wonder then that several prospective entrants to the capital market have all postponed their new issues until after October, by which time they hope the refunds from Reliance Petro will start flowing in. Many established companies are facing a scramble for refunds on their fixed deposits as investors hurry to raise resources for investing in the mega issue. Merchant bankers say that even the giant Unit Trust of India (UTI) felt a rumble: it closed the sales of fresh units in July on an "encouraging" rather than a excellent note. "Ambani's August", is how a stockbroker sums up the position.

However, sources in the ministry of

The soul of a share machine

The ninth floor office of Reliance Industries at Maker Chambers IV in Bombay's Nariman Point houses the company's share department. Reliance officials refer to this rather decrepit establishment simply as the "war room". The metaphors of war seem appropriate for describing the management of Rs.593 crore fully convertible debentures issue. Reliance officials say, "Instead of moving tanks, fuel or men, we move application forms, prospectuses and publicity material, but with the same logistical precision."

Consider the statistics: Reliance Petrochemicals utilised 20 tonnes of paper to print 40 million debenture application forms and an estimated 10 million prospectuses. Six printers have been deployed all over the country to make distribution of forms easier. Over 3,000 stockbrokers have been officially designated "brokers to the issue", with many more sub-brokers. Nineteen banks will collect application forms through a network of 321 branches. The issue is open for a mere eight days (taking two bank holidays into account); in order to avoid a stampede, Reliance has helped open 75 investor collection centres. Here post-dated cheques are accepted weeks in advance so that RPL has a head start in processing application forms.

Mailing of application forms for preferential allottees is tricky business. The company had orginally calculated that it would only have to send in about 1.5 million forms to Reliance shareholders all over the country. But, on 31 July, the record date of the issue, the company was swamped by 300,000 transfer deeds. That takes the grand total to 1.78 million application forms. Shareholders should receive these forms by 18 August at the latest, which places an enormous burden on the country's postal services. Investor relations centres in 14 cities have been equipped with PCs to process complaints from shareholders. RPL has also tied up with several leading companies to distribute application forms at their retail outlets.

Being put on hold on the RIL telephone board in Bombay can be an edifying experience these days. Instead of the usual electronic music, the company has plugged in its radio jingle which tells you of one of the best ways to fight inflation — invest in RPL!

In 110 specially selected towns ranging from Tinsukia in Assam to Morvi in Gujarat and from Quilon in Kerala to Tirupur in Tamil Nadu, efforts are being concentrated on bringing in new investors to the company. Investor meets have been scheduled and a video cassette in three languages will be used to heighten the sales pitch.

The three designated managers to the issue, ICICI, BoB Fiscal Services and Canbank Financial Services, have a small though significant advisory role to play in the marketing of the issue. The Calcutta-based Peerless Finance has also been roped in. Peerless, which will formally act as sub-broker, has drawn up an interesting scheme. Besides the normal mailing of application forms of the RPL issue to its own policy holders above a specified deposit amount, Peerless is also writing to several investors in the eastern region to participate in a unique scheme. These investors can apply for the debentures jointly with Peerless, the initial investment being financed entirely by the latter. On allotment, the shareholder gets the converted Rs.10 face value equity shares at a premium of Rs.10. Then Peerless retains the residual portion of the debenture. So its cost per debenture works out to Rs.180 and the interest yield works out to an attractive 16.5 per cent.

Foreign banks have also come out with a package to increase their "float amount" in the issue. They have tied up with a few brokers to ensure that a substantial number of application forms are deposited at its branches. As a result, brokers, who are being paid a flat fee of 1.5 per cent, are willing to offer a commission of up to 2 per cent to sub-brokers on the monies collected, irrespective of the amount eventually alloted.

For the share division of Reliance, the war will not end when the issue closes on 31 August. The company has precisely 60 days to finalise allotment and commence despatch of share certificates (provisionally estimated to be 15 million in number). Six registrars have been appointed all over the country who will process application forms originating from their respective regions. The final allotment however will be decided in Bombay. Reliance estimates that it would process at least 3.6 million application forms for this issue. That would mean an oversubscription of three times. Several "mock" exercises based on the "G" series experience have already been conducted. But the next time around it will be war.

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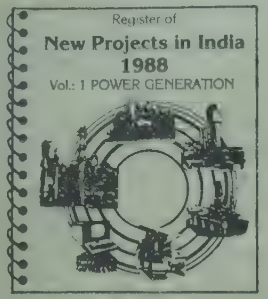

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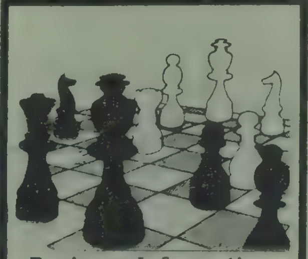

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finance feel that there is no reason to believe that the investors' kitty is so small that all money available will be mopped up by one issue. They add that an issue of this kind will provide a stimulus to the capital market by meeting the unfulfilled demand for good issues.

"Your family's khazana," is how the company has described the issue in its high-saturation ad campaign which started with a series of three corporate ads of RIL followed by three insertions of RPL. Simultaneously spots on television have been blocked till 22 August. The mammoth marketing effort will cost RPL an awesome Rs.20 crores. The company is pulling out all stops to reach as many potential investors as possible. The debenture issue has not been underwritten which means that Reliance saves a cool Rs.9 crores in commissions alone. Brokerage fees which varied between 1.5 to 4 per cent in the 'G' series issue have now been restricted to a flat 1.5 per cent. The tab: Rs.4.5 crores compared with Rs.6.5 crores earlier. This gives Reliance the requisite financial resources to make an all-out attempt to grab investor attention. Over 3,000 brokers, 19 banks and 321 bank branches are involved in the issue (see box).

The object of the issue is to finance a Rs.700-crore project at Hazira, Gujarat for the manufacture of 60,000 tpa of MEG, 50,000 tpa of high density polyethylene (HDPE) and 100,000 tpa of poly vinyl chloride (PVC). Both HDPE and PVC are commodity plastics. The licences for these products were originally issued to Reliance Industries. These are now being transferred to RPL. Dhirubhai Ambani has informally indicated that the project will go on stream within 24 months of the public issue. An impossible task, say industry watchers, but the Ambanis confidently say, "Wait and see."

The company's record to date is as follows. Its polyester yarn plant at Patalganga was commissioned in a record 27 months in 1985, a commendable feat that won it encomiums from its technical collaborators, Du Pont of USA. However, the polyester fibre project faced a lot of teething troubles and was delayed by over six months. "I would be comfortable with a 35-month commissioning schedule for such a large integrated petrochemicals complex," says an industry insider.

Reliance Petro's commissioning schedule is crucial for its own financial health and also for the investing public. Though investors today are eager to lap up the issue they would definitely not like to be saddled with a debt instrument for too long. The company today is offering fully-convertible debentures valued at Rs.200 each, aggregating Rs.593.4 crores (including 15 per cent excess subscription). About half of this (ie Rs.296.7 crores) will go to existing shareholders as "preferential allotment", the terms being one new debenture for every ten shares held subject to a minimum of five debentures. A sum of Rs.267.03 crores will be raised from the public and here Reliance hopes to rope in 1.4 milion new shareholders.

After the massive Rs.500-crore "G" series issue of 1986, RIL has 1.6 million shareholders on its rolls. The Ambanis now hope to have 3 million shareholders hailing from virtually every corner of the country on the rolls of RPL. This kind of a "people's sector" company will not only have a ready investor base but virtually a constituency, comprising the country's investing population, that will protect it from the powers that be. For now, what is bad for Reliance will also be bad for 3 million persons all over India.

ATTRACTIVE FEATURE

On allotment of the debenture, investors will receive one equity share of Rs.10 each at par. The residual portion of Rs.190 is further divided into Parts A and B. The first part, with a face value of Rs.40, will be converted into equity between three and four years after the allotment date at a premium to be determined by the Controller of Capital Issues (CCI).. Part B, with a face value of Rs.150, will have a longer life span as a debenture with conversion set between five and seven years after allotment.

The really attractive feature is that all the three portions will be separately traded in the stockmarket. Moreover, a "safety net" whereby the debenture will be bought back at par by two banks secures the investor's money from any capital loss. Says one merchant banker, "We need to attract investors with new, innovative instruments. The Reliance Petro issue offers investors not only a possible capital appreciation, but also a steady interest income of 12.5 per cent. And what is more, instant liquidity. RPL also has the option to convert the debentures into equity much before the date specified in the prospectus. Going by RIL's track record, market watchers feel that an early conversion is possible to minimise interest cost once the project is commissioned.

Apart from its record size, the RPL issue has several unique features. This is the first time that a new company is being allowed to make a fully-convertible debenture issue. Earlier, as in the case of Tata Fertilisers, the CCI insisted on an equity issue being made first. Since RPL will convert 5 per cent of the debenture value into equity at par on allotment, this amounts to a simultaneous issue of equity and debentures. The benefits to RPL are obvious. Apart from saving it the bother of making two separate issues, the company also has to offer its equity at par only once. This is because the CCI insists that for new companies, the first conversion of debentures into equity must not be at a premium.

The reason why the CCI so far insisted that a new company's equity must be first listed before it offers the public a convertible debenture, is that it wants to ensure that ultimately 60 per cent of the share capital is held by the public. In the case of RPL, however, it is not possible to ensure this in advance. This is because the unique feature of the issue is that the conversion price of the debenture in the second and third tranches is to be fixed three and five years down the line. The premium at which the shares are offered in lieu of debentures will determine not only the size of RPL's equity base but also the proportion held by RIL and the public. Calculations show that RPL will remain a 66 per cent subsidiary of RIL for the first three years. After the second conversion, its stake will come down (to around 55 per cent if two shares are offered at Rs.20 each). And after five years, the public's share will exceed 60 per cent only if the final portion of Rs.150 is converted into three shares at Rs.50 each (assuming two shares were offered in the second round).

Many merchant bankers feel that a major exception has been made by the CCI in allowing a subsidiary company to be not only listed but with an option to remain so for as long as five to seven years. Of course, the CCI itself will play a crucial role when the time comes to fix the premium. The higher the premium allowed, the smaller will be the public's stake in RPL. Indications available from the CCI's office suggest it will ensure that the small shareholders' interest is protected by allowing conversion at a rate they would find attractive. In fact, the CCI did consider the option of cumulative convertible preference shares but this was rejected in the interest of the small investor, the sources claim.

The best scenario would be the conversion into two shares after three years at a premium of Rs.10 each and into three shares after five years at Rs.40 each, if a target of 60 per cent public shareholding is to be attained. This would, of course, be subject to the company's performance and to the market price of its equity.

But this does not mean that there is no other alternative. It is always possible for Reliance Industries to sell a part of its shareholding (Rs.57.5 crores intially, which will go up to Rs.107.5 crores after three years), acquired at par, to the institutions or other interested parties at a premium determined by the then prevailing market price. This would not only increase public shareholding but also swell RIL's coffers.

Another new feature of the RPL issue is that the preferential allotment of shares to individual shareholders of RIL will be freely transferable from day one. This imparts the crucial advantage of liquidity. So far, such shares could not be transferred for a period of three years from the date of allotment. An amendment to the guidelines just five days before RPL filed its prospectus with the CCI now makes this possible. Not surprisingly, critics are quick to point out that this is another instance of special favours shown to Reliance. However, many merchant bankers point out that this amendment will go a long way in making large capital issues more successful in the primary market.

Again, the fact that the equity shares as well as the two convertible portions of the debentures will each be separately tradable on the stock exchanges on listing, is a very attractive feature of the RPL issue. Besides, the provision of a safety net for the first year (which may be extended) for each of the debenture portions ensures that investors need not fear any capital loss. This is particularly relevant in the RPL issue since the price at which the debentures are to be converted into shares is not known, so investors have to stake their money under uncertainty. BoB Fiscal Services and Canbank Financial Services, the merchant banking arms of Bank of Baroda and Canara Bank, the co-managers to the issue, have worked out this innovative scheme whereby they will buy back RPL debentures at par from individual investors not owning more than Rs.40,000 worth of debentures. The objective here is to secure the capital of small investors and raise their confidence. So the safety net is likely to have a largely psychological effect and the buyback is not expected to be large.

The liquidity of their entire investment apart, shareholders can also expect capital appreciation on every portion of it as the commissioning draws closer — a gain that can be booked whenever they want or need to. And there can be little doubt that the gains will be attractive. For a period of three years, the equity capital held by the public will be only Rs.29.67 crores. The small size of the equity has obvious advantages: it is easy to service and scarce enough to command a high market price. Moreover, almost the entire equity with the public will be held by individuals in small, mostly odd, lots making it difficult for market operators to precipitate any steep fall in its price.

The equity in the initial years can be serviced from both trading and investment income. With polyethylene and PVC imports brought under open general licence (OGL) on "stock and sale" basis last month (despite a denial by the petrochemicals ministry a few days before the change was effected) RPL can now trade in imported plastics. These are currently in short supply the world over and profit margins are attractive. But RPL should be able to procure "seed stocks" from its collaborators abroad for sale in India. (Unconfirmed reports have it that RPL has already contracted for 40,000 tonnes of PVC.)

ANOTHER SOP

The change in the import policy has been interpreted as another sop to RPL. Previously, these items could be imported on OGL only by actual users. According to sources in the petrochemicals ministry, the steep rise in the price of these plastics led to a re-examination of the earlier policy. Over 12,000 small processors who require 1 or 2 tonnes at a time petitioned the ministry that they were finding it difficult and expensive to contract for imports. The officials first considered letting only IPCL import it. But the commerce ministry felt that even other large firms with good international connections such as NOCIL and PIL could also have a role to play. Government officials emphasise that there are no big profits to be made. They feel that IPCL will still play a major role; it has good contacts, facilities to test materials and sell them at uniform pool prices. Industry insiders also feel that huge trading profits in petrochemicals can be ruled out.

The other income stream will come from the investment of surplus funds. The one-time raising of a mammoth Rs.593-odd crores (apart from RIL's promoter's contribution of Rs.57.5 crores) before project implementation begins, ensures that there will be no dearth of investible cash, particularly in the first year. As one wag put it, "RPL will be like a bank to start with." Assuming the investible surplus to be Rs.200 crores in the first year and a return of 15 per cent, RPL could generate a cool Rs.30 crores as interest income alone. This would be enough to pay a 34 per cent dividend on the initial equity base of Rs.87.17 crores. And the interest payment of Rs.70.47 crores a year (at the rate of 12.5 per cent on the non-converted portion of Rs.564 crores) does not pose a problem since it is built into the project cost and will be funded out of the proceeds of the issue.

It is legitimate to ask whether raising the entire proceeds at one go does not unduly jack up the capital cost of the project. Could not the money be raised in two or three tranches to reduce interest costs? The answer is that while the interest burden may go up, there are also several benefits that can far outweigh such a disadvantage. For one, having all the money in hand puts RPL in a very strong position vis-a-vis the equipment suppliers and contractors. This can help speed up project implementation. For another, the cost of raising all the money in one stroke is also much lower.

Moreover, since fully convertible debentures are treated as equity for borrowing purposes, raising such a large amount gives RPL a formidable drawing power. This can be exercised quickly for the Rs.1,000-crore second phase of the project. That phase, which RPL plans to finance largely through borrowings, involves the setting up of a 320,000-tpa gas cracker and other downstream units based on propylene and ethylene.

And lastly there is always the crucial factor of timing and style. The Ambanis may have felt that the chances of raising the money now could not be worse than in the uncertain future considering the recovery of share prices (particularly of RIL), the smart upturn in the economic outlook, and the favourable political wind blowing in their direction. And Dhirubhai Ambani's style can be summed up in a few words: aggressive, big, quick.

Yet another pertinent question arises: Why two companies? RPL will be a 66 per cent subsidiary of RIL for the first three years and may remain a subsidiary even longer. Over 80 per cent of the shareholders can be expected to be common. So why is a separate company being set up to implement the Hazira petrochemicals project?

Reliance watchers offer several plausible reasons for the decision to form a new company. One is that this way the Am-

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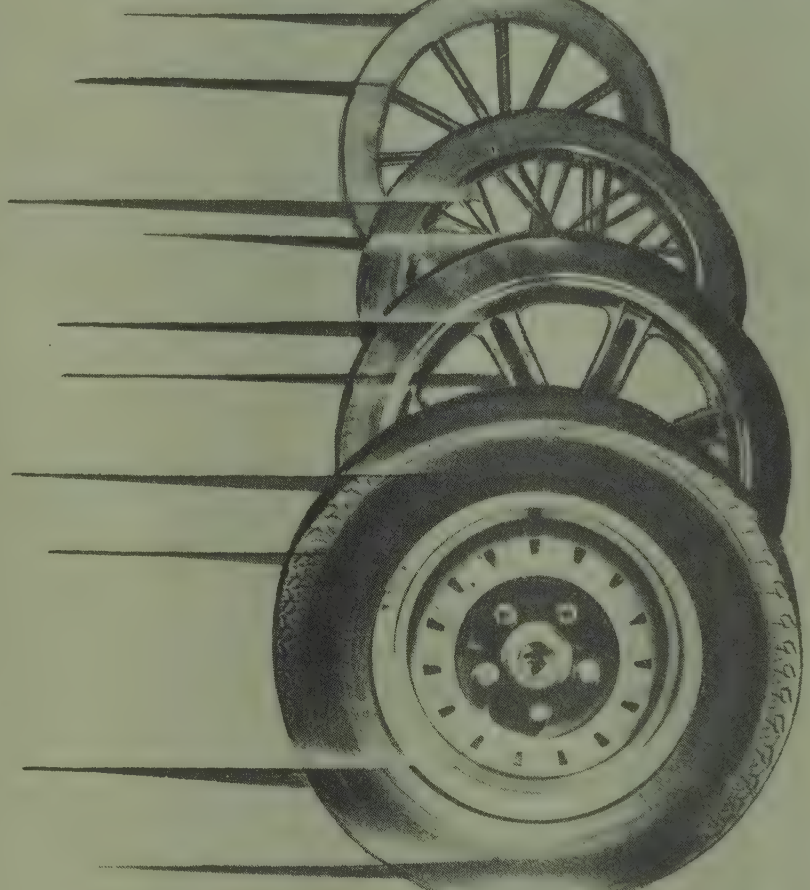

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banis avoid the proverbial risk of putting all their eggs in one basket. Stockmarket analysts point out that RIL's equity is too large now. RPL, on the other hand, will have a tiny equity to start with and the promise of attractive returns. Moreover, the formation of a subsidiary enables an easy flow of funds (in the form of both equity and loans) back and forth between RIL and RPL depending on requirements without any limits or the need to declare such transactions to the government under Section 372 of the Companies Act.

There is also talk of the need to create two companies, one each for Dhirubhai Ambani's two sons, Mukesh and Anil. "Given the recent history of family splits in one business house after the other, I would not be surprised if Dhirubhai with his long-term vision is thinking of giving each of his sons charge of separate companies," says a senior financial executive. Recent reports that yet another subsidiary, Reliance Aromatics Ltd, may be formed to implement the Saleempur aromatics project, have further strengthened such speculation. Then there are also allegations of strained relations between Dhirubhai and his two brothers Ramniklal and Natvarlal who are not directors of RPL. The Ambanis of course deny all this. They insist that it makes administrative sense to set up a new company for the Hazira project which will produce all plastic-related petrochemicals while RIL concentrates on polyester-related chemicals. The exception is MEG, which is ethylene-based.

Be that as it may, there can be little doubt that RPL's project is all set to be a veritable money spinner. Over the next three years, commodity plastics may well join petroleum and edible oils as the country's largest imports. During the current year, 350,000 tonnes may have to be imported at a cost of Rs.1,200 crores. And in 1989-90, this is expected to swell further to Rs.1,500 crores. Reliance Petrochemicals, which will manufacture MEG, HDPE and PVC, all of which are in short supply, thus has a ready market.

Take HDPE for instance. Polyolefins Industries Ltd (PIL) has an installed capacity of 40,000 tpa and is the only manufacturer in the country. The demand for HDPE is currently 140,000 tpa. RPL's capacity will be 50,000 tpa. The case of PVC is no different. Domestic capacity is around 105,000 tpa while demand is pegged at 165,000 tpa. RPL's PVC capacity is 100,000 tpa. MEG, the raw material needed for polyester manufacture, is also in short supply. Domestic capacity is 30,000 tpa and demand is 80,000 tpa. Around two-thirds of RPL's MEG capacity of 60,000 tpa may be tied to captive use by RIL and the balance sold in the domestic market.

Your Family's Khazana

RPL hoarding in Bombay: playing on family sentiment

However, RPL will not be the only new player in the exciting petrochemicals market of the nineties. In 1990 the giant Rs.1,300-crore Maharashtra Gas Cracker Complex (MGCC) promoted by IPCL goes on stream at Nagothane, 150 km from Bombay. MGCC, which will have a 300,000 tpa ethylene cracker, has been conceived as an integrated complex with downstream units, while RPL is being implemented in more attractive phases. During the gestation period, RPL will trade in plastics, in phase one it will commission the downstream units and only after it is placed on an even keel will the company embark on its Rs.1,000-crore second phase which envisages a 320,000-tpa gas cracker plus further downstream units. Until then its requirements of ethylene will be met entirely from imports.

RPL, IPCL Gujarat Industrial Investment Corporation and a foreign collaborator who is yet to be finalised are investing equally in the Rs.25-crore equity of a new comapny which will spend Rs.100 crores to build the country's first ethylene-handling port and terminal facility at Hazira. Thanks to the shortage of ethylene in the international market (several mother crackers were shut down in the early eighties) ethylene prices have trebled from 12 cents to 36 cents a pound. But this is more than compensated by the fact that RPL will be producing value-added items which are in short supply in the domestic market. But the world ethylene market is cyclical and by the time RPL's cracker is ready the current boom may have gone bust.

Industry insiders feel, with understandable envy, that the RPL project should serve as the "model" for planning other petrochemical complexes in the country. For years, domestic capacity has remained stagnant while demand has been growing at a brisk 12-15 per cent a year. This would mean that the RPL and MGCC projects would be barely adequate to meet the country's burgeoning requirements of petrochemicals. It is estimated that unless a mother cracker is installed every three years starting from 1990 the country cannot achieve even a semblance of self-sufficiency in petrochemicals.

Two mega projects of NOCIL (with a 300,000 tpa cracker) and Haldia (125,000 tpa) have been waiting for clearance for many years now. NOCIL's proposed plant at Thane-Belapur near Bombay has run into environmental objections. (Incidentally, even the RPL project is believed to have received "dissenting notes" in an environmental impact assessment report due to its proximity to Surat.) The delays at Haldia Petrochemicals appear to arise from a variety of hitches: the vacillation by the central government, the heavy dependence on institutional finance and the small capacity.

Thus with two major projects being stuck in New Delhi, petrochemicals will continue to be in short supply for many years to come. This factor alone will ensure that RPL makes big money from day one. But while the shortage may be good for all firms already in the fray, it is certainly bad for the country at large. So it is imperative that all pending projects are cleared quickly.

Meanwhile, investors are likely to confidently make a beeline for the coveted Reliance paper.

MUKARRAM BHAGAT and S.N.VASUKI
with reports from DILIP CHERIAN
in New Delhi

DUNLOP INDIA

Bumpy ride ahead

When R.P. Goenka and Manu Chhabria took over Dunlop in 1984, they claimed to have close family-like ties. But today, their marriage of convenience is on the rocks. With the induction of Kishore Chhabria as director, the Chhabrias have won the first round in the battle for Dunlop. Also, there are credible reports of a deal struck in London whereby the Goenkas agreed to sell out their stake in the company to the Chhabrias

By all accounts, the four-year-old marriage of convenience at Dunlop India Ltd between the Chhabrias and the Goenkas is on the rocks. Even though the strains and stresses of "joint management" have been underplayed in public by both sides, there seems to be little doubt today that it is only a matter of time before they part ways.

Corporate circles read a lot of meaning into the induction of Kishore Chhabria, the younger brother of Dubai-based NRI and corporate raider Manohar (Manu) Chhabria, as an additional director of Dunlop India, at the company's board meeting held in Calcutta on 22 July. This, along with the formation of a new "management committee" with the Chhabrias as members, has been widely interpreted as a significant move towards a complete takeover of the company by the Chhabrias. Such speculation is supported by the fact that a fortnight earlier Manu Chhabria met with Rama Prasad Goenka in London where the latter underwent a tooth operation. Goenka's two sons, Harsh (recently appointed chairman, RPG Enterprises) and Sanjiv (deputy managing director of Dunlop India), were also in London. According to people in the know, an understanding was reached at this meeting whereby the Chhabrias will buy out the Goenkas' equity stake in Dunlop. Apparently, a kind of auction with only the two groups participating was conducted in the presence of some legal and tax luminaries and the Chhabrias outbid the Goenkas. On the face of it, this is not surprising given the greater financial clout of the Chhabrias.

The exact mechanics of the operation are still not clear; the professionals involved refuse to talk on the ground that any dealings relating to their clients are confidential. The consideration agreed upon is not known, though reportedly it may be around £ 30 million. While a formal deal may not have been finalised, it does appear that an informal agreement was arrived at

R.P.Goenka: a pain in the tooth

In 1984, when the Goenkas and the Chhabrias got together, they outbid at least four other Indian business houses also in the race for acquiring the 40 per cent equity stake of Dunlop Holdings plc, UK, in its Indian subsidiary. Officially, they claimed to have acquired only a 10 per cent stake, with Dunlop Holdings retaining the balance. The consideration paid has never been revealed. (Estimates in 1984 placed it at £ 15 million for a 40 per cent stake.) At the time, Goenka claimed that Chhabria was a "close family friend", a "third son" who "wanted to join me in this project".

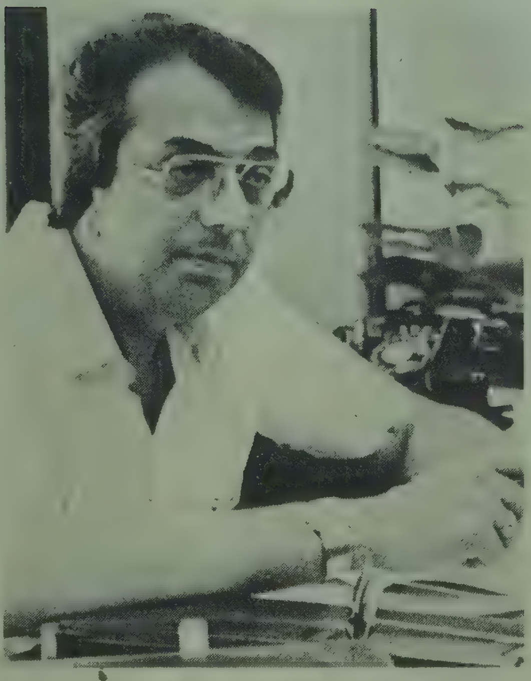
Such assertions appear curious today, for the partnership has generally been uneasy. From 1984 to 1986, the Chhabrias were embroiled in the protracted legal battle for Shaw Wallace, so the Dunlop front was calm. But soon after the Chhabrias got Shaw Wallace, and Kishore became a resident Indian, the power tussle at Dunlop began in earnest. And now it appears to have reached a point of no return (*see box*).

Both the Chhabrias and the Goenkas declined to go into details when contacted by *Business India*. But interviews with sources close to each of the warring partners revealed interesting aspects of the wide rift that divides them. People close to the Chhabrias say that despite the facade of corporate partnership, "the brothers have realised joint management cannot work". They further allege that "the Goenkas, who actually run Dunlop India, have treated the Chhabrias as ornamental figureheads" with no real control over the company. Goenka group insiders, on the other hand, claim it was never agreed upon that the Chhabrias would manage the company "on a day-to-day basis". But now, they add, the Chhabria brothers, having "tasted blood" after acquiring Shaw Wallace and some other companies, have got "too ambitious".

There is little doubt that the Chhabrias are very cut up about having to play second fiddle to the Goenkas. Dunlop's non-executive chairman is Manu Chhabria. The day-to-day operations are controlled by Sanjiv Goenka in his capacity as deputy managing director. The position of managing director has been lying vacant for more than a year now, after J.E.S. Hammond retired in April last year. In fact, leaving such a key post vacant for so long was the first clear indication of the power tussle in Dunlop. At the company's AGM held in June 1987, Manu Chhabria told shareholders that "serious thought" was being given to appoint a managing director soon. A few months later, Sanjiv Goenka told newsmen, after a board meeting held in Calcutta to review the half year (to September, 1987) results, that Dunlop may well be run without a managing director, "like most of the top 20 companies in the country" and added: "I am taking care of everything." Manu Chhabria was not present at this press conference. (Apparently, he was not even informed about it.) The contradictory public statements over the filling of the key post naturally led to suspicions that the Chhabrias were bidding for substantial executive powers in Dunlop and that the Goenkas were resisting.

While this jostling for senior positions was going on, the Dunlop equity began to zoom at Lyons Range and in September 1987 created history of sorts by crossing the Rs.100-mark for the first time. This led to suspicions that either the Goenkas or the Chhabrias had pushed up the price by asking for delivery of large share purchases in order to strengthen their respective positions. At the time, Sanjiv Goenka denied that any particular group was behind the rise. He pointed out that shares of all tyre companies were on the upswing.

Apart from these developments which gained publicity, company insiders point out, there was also a frequent behind-the-scenes locking of horns: Chhabria demanding that a senior executive be fired, but Goenka rejecting it; Goenka recommending another's appointment at a board meeting and Chhabria opposing it. Then there are allegations that the Chhabrias demanded some loans from cash-rich Dunlop for their group company, Orson Electronics, which Goenka refused. At the same time, Dunlop advanced money to Ceat (apparently for the Deccan Fibres division), a Goenka group company. In fact, according to some press reports, A.K. Dhawan, vice president (finance), decided to quit Dunlop almost a week before Kishore Chhabria was inducted on to the board in anticipation of the changes at the top. However, for the present, Dhawan continues to be with the company.



Manu Chhabria: joint management doesn't work

Unfortunately, but perhaps not surprisingly, for Dunlop India, all this jockeying comes at a time when the company is faring extremely well and is poised to take up a number of fresh projects. During 1984, when the Chhabria-Goenka combine took over, the company's performance was at its nadir. Sales (net of excise) were down 5 per cent to Rs.294 crores while profits had dwindled to a couple of crores of rupees. Several modernisation programmes remained to be taken up and there was heavy overmanning particularly at the Sahaganj tyre factory in West Bengal. Today, four years later, the company has undergone a sea

A curious deal

In mid-1984, when Rama Prasad Goenka, the more prominent of the three Goenka brothers of the erstwhile Duncans group, bagged Dunlop with the help of Manu Chhabria, the latter was barely known in India. While Chhabria may have needed Goenka to introduce him to India, it seemed unusual, at least at first sight, for Goenka to tie up with an overseas trader like Chhabria to gain control of a reputed Indian manufacturing company.

The precise nature of the deal they struck has never been revealed. The only aspect made public was that each had acquired a 4.9 per cent stake in Dunlop India by purchasing shares from its parent, Dunlop Holdings plc, UK, subject to Reserve Bank of India (RBI) approval. (Reportedly, the RBI sanctioned the Goenkas' purchase of the stake last year. However, the purchase by the Chhabrias is still awaiting sanction). Even the price paid for this 10 per cent acquisition was never disclosed. Dunlop Holdings together with its subsidiary, Dunlop Rim and Wheel Co, held around 40 per cent of Dunlop India. So if this account is to be believed, it continues to hold 30 per cent of its Indian subsidiary. Yet it has relinquished all managerial control.

Hard to believe. Corporate observers have always been foxed by this strange deal. They have found it hard to believe that Dunlop Holdings could have given up control over its subsidiary to minority owners. Moreover, in 1984, when Dunlop took a strategic decision to move out of the loss-making tyre business worldwide (except North America), it was also debt-ridden and badly strapped for cash. This made it even harder for company watchers to believe that Dunlop Holdings could have gone in for a minority sell-out and, moreover, wait for the cash till RBI approval came through.

But this is where the Goenka-Chhabria tie-up makes sense. It is widely believed in financial circles that Manu Chhabria being an NRI, with considerable financial clout overseas, could have easily worked out an offshore deal with Dunlop Holdings without any entanglement with Indian regulations. This could have involved either a down payment of cash or the provision of an indemnity. Some sort of an informal understanding or arrangement may then have been easily worked out with the Goenkas. At the same time, to gain legitimacy in India, the RBI's approval may have been sought for a 10 per cent transfer.

After the deal was struck in mid-1984, the newlyweds showed much warmth and camaraderie in public. R.P.Goenka referred to Manu as a "third son," while Harsha told Business India (25 February - 10 March 1985) that Manu was like an "elder brother". The Dunlop takeover was a climactic event for Rama Prasad Goenka who had by then earned the deserving appellation of "takeover tycoon".

Soon after the Goenka family split of 1979, he acquired and bought into five major companies, with a then combined turnover of Rs.731 crores in a short span of just five years (*see table*). RPG kept saying that Dunlop was acquired for his younger son Sanjiv. The idea was to give a "metropolitan base" to each of his sons from which they could spread wings: Ceat in Bombay for Harsh and Dunlop in Calcutta for Sanjiv. At the same time, Manu Chhabria also emphasised soon after occupying the chairman's seat, that he was no "decorative" chairman.

However, until 1986-87, there was not much the Chhabrias could do even if they harboured ambitions of a more active and assertive role in the affairs of Dunlop. The takeover of Shaw Wallace turned into a protracted legal battle, a corporate *cause celebre*, which took up most of their energies. Both Manu and Kishore were NRIs, the former based in Dubai and the latter operating from London. They frequently visited India, but there was no permanent presence. However, 1986 onwards, all that changed. Shaw Wallace got placed firmly in the Chhabria bag and Kishore became a resident Indian based in Calcutta.

The Chhabrias then began to demand their pound of flesh and things now appear to have come to the boil. Today, the question uppermost in everybody's mind is not whether but when the Goenkas and the Chhabrias will formally part ways.

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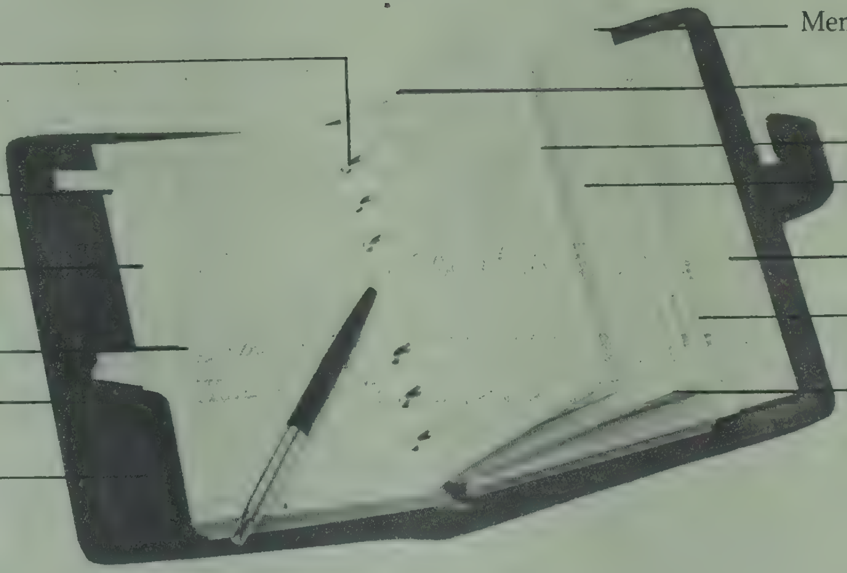

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The scorecard

R. P. GOENKA	Sales (Rs. crores)		M. R. CHHABRIA	Sales (Rs. crores)	
PHILIPS CARBON BLACK	80	SET UP IN 1963	ORSON ELECTRONICS	60	SET UP IN 1983
ASIAN CABLES	48	TAKEN OVER IN 1966	DUNLOP INDIA*	430	TAKEN OVER IN 1984
MURPHY INDIA	19	TAKEN OVER IN 1974	BAYER INDIA*	113	BOUGHT INTO IN 1984
WILTECH INDIA	7	SET UP IN 1981	GORDON WOODROFFE	14	TAKEN OVER IN 1984
CEAT TYRES	320	TAKEN OVER IN 1981	NIHON ELECTRONICS	55	SET UP IN 1986
KEC INTERNATIONAL	71	TAKEN OVER IN 1982	SHAW WALLACE	220	TAKEN OVER IN 1986-87
SEARLE (INDIA)	41	TAKEN OVER IN 1983	MATHER & PLATT	41	TAKEN OVER IN 1987
DUNLOP INDIA*	430	TAKEN OVER IN 1984	FALCON TYRES	10	TAKEN OVER IN 1987
BAYER INDIA*	113	BOUGHT INTO IN 1984	HINDUSTAN DORR-OLIVER	47	TAKEN OVER IN 1987
INDIA POLYFIBRES	44	SET UP IN 1985			
KARNATAKA TELECABLES	NA	SET UP IN 1986			
UPCOM CABLES	15	SET UP IN 1986			
THE GRAMOPHONE CO OF INDIA	(Nine months) 17	TAKEN OVER IN 1986			
NORPLEX OAK INDIA	12 (Projected)	SET UP IN 1986			

** Goenka and Chhabria have gone halves in Dunlop and Bayer.*

change. Sales are up nearly 50 per cent to Rs.424 crores (year ended March 1988), the cash profit is in excess of Rs.40 crores, and net profit at over Rs.20 crores is a little more than the company's equity capital.

In part, Dunlop's improved fortunes, like those of other tyre manufacturers, can be ascribed to the boom in demand. But the new management, under the Goenkas, has also played a key role. Over Rs.56 crores has been spent during the last three-odd years on modernising its ageing plant in order to raise efficiency and diversify product mix. The workforce has been reduced and rationalised to lower costs and raise productivity. And currently, there are plans to diversify into unrelated areas such as chemicals.

Meanwhile, last week, the highly unionised 5,500-strong workforce at Sahaganj struck work. The workers, prompted by the surge in Dunlop's profits last year, are demanding Rs.815 in the form of extra wages and allowances. The management agreed to the compromise sum of Rs.265 proposed by Shanti Ghatak, West Bengal's labour minister. However, the workers responded by going on an indefinite strike from 2 August without any prior notice to either the state government or the management.

The way things are hotting up now, a change at the top could be quite unsettling for Dunlop India. Sources close to the Goenkas assert that if the Chhabrias take over, then many key executives, handling critical management functions, are "bound to quit", leaving a vacuum at the top. They doubt the ability of the Chhabrias to retain or attract managerial talent. They point out that when Chhabria took over Shaw Wallace several senior executives left the company, as they were unsure about their position under the new dispensation. His open battle with Sham Bhatia, ex-managing director of Orson Electronics over the alleged misappropriation of Rs.6 crores by the latter only worsened the situation. At least 25 Orson executives have either resigned or been suspended since January this year. But the Chhabrias continue to pursue every takeover opportunity; they clearly regard their own capabilities differently.

If Dunlop does slip out of the Goenka fold, it would mean a major setback for the just-born RPG Enterprises group. Beginning 1988, an aggressive ad campaign was launched in the print media to project a new group identity, high management capabilities and aggressive ambitions for the future. But in the seven months since then , the RPG group has faced a number of setbacks. Even before the ink had dried on the colourful ads, most of the group's companies (including Dunlop) were raided by the tax authorities in a swift countrywide swoop. And over the months it has become increasingly clear that the giant Haldia petrochemicals project, that was to pitchfork the RPG group into the big league, is unlikely to see the light of day in the near future. This is both due to the vacillation of the central government on political grounds and the project's heavy dependence on institutional finance.

And now, with credible reports of the Goenkas agreeing to sell out their stake in Dunlop India to the Chhabrias, the group may soon be heading for yet another setback. For with the slipping out of Dunlop from the RPG fold, the group's combined sales will shrink roughly by half. (Officially, however, the Goenkas refuse to acknowledge Dunlop as a group company because of MRTP considerations — Ceat and Dunlop together have a little under 50 per cent market share in tyres.) Corporate watchers are also apprehensive of the outcome this would have on the "balance of power" between Sanjiv Goenka who would then lose his "metropolitan base" (*see box*) and his elder brother Harsh who is firmly ensconced at Ceat as well as at RPG Enterprises.

However, the Goenkas also stand to gain in more ways than one. The 7.5 per cent stake in Bayer India, acquired jointly with the Chhabrias through a Dunlop subsidiary would go wholly to the Goenkas. And, then there would be the hefty consideration they would in all likelihood receive for Dunlop, which can be used to acquire other companies.

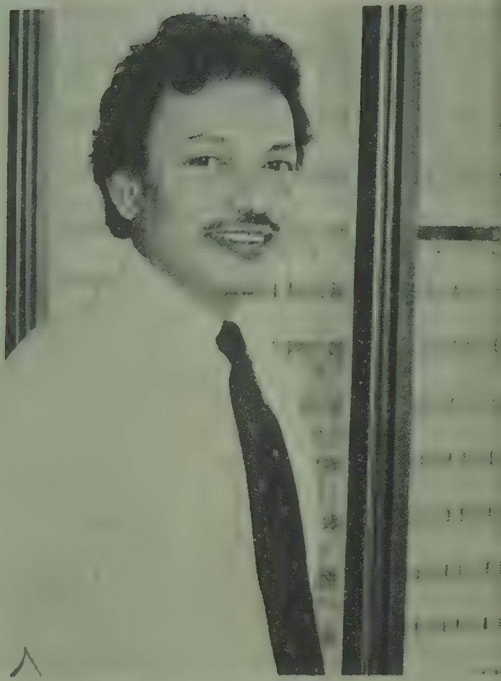
While it may still be too early to speculate on all these questions, there seems to be little doubt that Dunlop as well as the Goenkas have a bumpy ride ahead ■

MUKARRAM BHAGAT

BURROUGHS WELLCOME

Back to the future

After putting the company back on the profit path the management has finalised a game plan at a workshop in June, which inter alia *redefines the company's business as pharmaceuticals and allied areas. Which means an end to flirtations with unrelated diversifications and getting back to the industry from which the company derives its basic strengths*



Bose: a hard look at basics

Growth, the next phase in the "basic corporate objectives" of Burroughs Wellcome (BW), is well under way. This follows the successful implementation of the first phase — survival — when the management, led by the dapper president, Deepak Kumar Bose, stemmed losses incurred during 1985-86 (Rs.0.59 crores), which continued at the rate of Rs.40 lakhs a month in the first four months of 1986-87. The company reported a net profit of Rs.1.8 crores during the year which ended on 31 August 1987.

From the current year's performance trend, it is clear that 1986-87 was no miracle. With sales moving at a faster clip (estimated improvement during 1987-88 is 40 per cent over the previous year's sales of Rs.52 crores), pre-tax profit is expected to climb by almost 300 per cent during this year.

The glamour is already showing in the Rs.10 (paid-up value) of the BW scrip, which moved up from Rs.70 late last year to settle at Rs.158.75 (4 August 1988). Continuing its policy to plan future strategy with the involvement and participation of senior and middle level management, Bose gathered 23 managers and members of BW's executive committee at a second residential workshop in the first week of June at the 'Resort' 60 km out of Bombay. It gave participants a chance to pick up the threads from the last workshop held in January 1987 and deliberate over three days to arrive at what Bose refers to as "basic assumptions". These are: the company would remain in the pharmaceuticals and allied areas; debt/equity ratio on an average would not exceed 1:2 ; maximum debt permitted would not be more than 100 per cent of the shareholders' funds; both parent company (Wellcome, UK) and non-Wellcome sources would be tapped for new products and if necessary the company would consider a change in the corporate structure subject to the Board approval.

"At the workshop we went one step ahead of the earlier workshop held in January 1987," says Bose. Being in a slightly different position the company decided to look at the medium and long term horizons. "We set out the basic corporate objective assumptions," he says.

The executive committee (comprising Bose, senior vice presidents A. Ramachandran (production) S.P. Ray (personnel), and T. Gupta (marketing), set out the objectives, which the chief advisor to the company, S.K. Basu, synthesised.

At the workshop the group of 23 managers divided themselves into four teams, each team representing different functions. For instance the marketing presentation was made by a personnel manager. "We decided there would be joint responsibilities of specific tasks. Thus the prime mover in a marketing dominated group would be guided by a marketing person although the work cuts through line management," comments Bose.

The basic idea behind this exercise was to inculcate a participatory style of management in Burroughs Wellcome. Says an insider, "Earlier the style of management was authoritarian. It was decided to democratise management style and effective steps were taken to do so." "This was initiated in the crisis year, that was 1986-87," states S.M. Dixit, general manager, pharmaceuticals. "Last year we were fire-fighting — we had clear directions from top management to reduce costs and achieve profits. Keeping this short term view all of us went ahead and achieved it," he says.

If Burroughs Wellcome could recoup from a loss making year in a matter of months it was because the management was ensured of the co-operation of the employees at various levels against what were admittedly heavy odds. Over the years, as Septran became a roaring success, displacing Becosule vitamin tablets made by Pfizer as the largest selling pharmaceutical product in the country, BW developed what a management consultant calls "a high degree of complacency". This became a direct cause for killing initiative right through the rank and file of the organisation. Comments an insider, "This led to demotivation among managers, absence of commitment and a team spirit." At the two workshops this problem was dealt with in detail. A decision was taken (which is very evident today) to improve communiciations, introduce effective delegation of responsibilities down the line. Also a comprehensive computerisation programme was drawn up to facilitate better co-ordination among the various departments in the company and to try and forecast future trends which would enable BW to give a wide berth to decisions that were not in the interest of the company.

BW ranks 8 in the Indian drug industry, with a market share of under 3 per cent. According to company sources BW competes in only 18.3 per cent of the total market. It is wholly unrepresented in the rest of the market. While the total number of new product introductions by the top ten between 1984 and 1987 have been 103, BW has introduced nothing.

Burroughs Wellcome has long depended on one product — Septran, an anti-bacterial drug — for survival, growth and profits. Observes a manager, from a competing company, "It is true that Septran is a leader in the market for cotrimoxozale (the generic name for this drug) and it is also true that the gap between demand — Rs.250 crores — and supply — Rs.125 to Rs.150 crores — is large. But Septran is today positioned in a highly competitive market where double strength formulations are capturing this lucrative segment." Adds Tarun Gupta, who joined BW in June 1987,

Price problems

Did price increases come to the succour of Burroughs Wellcome (BW) in 1986-87, the year the company turned a Rs.0.59-crore loss into a Rs.1.2-crore profit? The snappy turnaround has fuelled such a belief. However, the available data clearly shows that this was not the case. Increased sales volume (25 per cent) during the year and reduction in production-related costs were responsible for this feat.

It was only in June 1987, the beginning of the last quarter of the 1986-87 financial year, that the government granted "marginal increases" in the prices of Septran formulations which account for almost 50 per cent of BW's sales.

Downward revision. Historically, the prices of Septran formulations have been revised downwards. They were first fixed in April 1973, taking into account the landed costs of imported TMP and SMX, the two bulk drugs that are formulated into Septran. At that time, the government fixed the retail price of Septran adult tablets at Rs.103.90 per 100 tablets (inclusive of excise duty), which was subsequently revised to Rs.107.59 on account of a change in excise duty in the same year.

After commencement of local production of TMP by BW and SMX by Roche, the government-notified prices of the two inputs were: TMP — Rs.2,587 per kg, and SMX — Rs.517 per kg, as of January 1978. The prices of Septran formulations were correspondingly revised in March 1978, and the retail price of Septran adult tablets was reduced to Rs.96.00 per 100 tablets (inclusive of excise duty).

Based on a fresh cost study made by the BICP the price of TMP was re-fixed at Rs.1,055 per kg, and that of SMX at Rs.390 per kg in February 1983. On the basis of the revised prices of TMP and SMX, the prices of Septran formulations were again reduced in March 1983. The retail price of Septran adult tablets (excluding excise duty) was, therefore, fixed at Rs.61.20 per 100 tablets.

There was a further *suo motu* price reduction of TMP to Rs.892 per kg in August 1983 without any further cost study though the price of SMX remained unchanged at Rs.390 per kg.

Consequently the prices of Septran formulations were again reduced in February 1984, and the retail price (excluding excise duty) of Septran adult tablets was fixed at Rs.58.32 per 100 tablets.

Unresponsive government. Ever since, the BW management has been trying in vain to get the government to agree to price hikes as other input costs, viz, establishment costs, other raw material costs, labour costs, etc, steadily increased. An unresponsive government rejected one price review application after another.

It was only in June 1987, a good 40 months later, that the retail price of Septran adult tablets (excluding excise duty) was increased from Rs.58.32 per 100 tablets to Rs.58.61 per 100 tablets. A further small increase in the prices of these formulations was allowed in December 1987 when the retail price of Septran adult tablets (excluding excise duty) was increased from Rs.58.61 per 100 tablets to Rs.62.62 per 100 tablets, ie, an increase of Rs.4.01 only per 100 tablets. Of this, the discount to retailers accounts for 16 per cent under the Drug Price Control Order (DPCO) 1987 instead of 12 per cent under the 1979 DPCO.

Needless to say, the full impact of the price increases will be reflected in the 1988-89 financial report. However, with the market getting saturated, the company is not placing all its bets on this star performer, which has become the largest-selling pharmaceutical product displacing Pfizer's Becosule vitamin capsules.

"Septran has other competitors, namely antibiotics such as penicillin and tetracyclin." He confesses that BW's star performer has shown signs of saturation. The error that the old BW management committed was ignoring proper promotion of the other products. Neosporin, an antiseptic, Calpol, an analgesic, and Actifed, a decongestion preparation, are some examples.

In the year ended 31 August 1986, everything seemed to turn against the company. "What happened in 1985-86 was not an overnight phenomenon, but a culmination of events," says S.K. Basu, chief advisor on corporate matters. The year old-consumer products division (CPD) proved to be a heavy burden on BW's finances as actual sales of Ridake (a pain reliever), Montage soap and talcum powder were far below the forecasts made earlier. (Eventually the division was wound up as of September 1987.) As the company was strapped for cash, it began to tell as working capital requirements shot up. Consequently bank borrowings increased sharply from Rs.4.1 crores in 1984-85 to Rs.14.5 crores at the end of the following year. Added to this were the expenses incurred on the Nike project (Rs.50 to 75 lakhs) which was aborted as the conditions laid down by the government made the manufacture of Nike shoes "unviable". During this year, "raw material imported by BW cost the company an additional Rs.1.5 crores with the rupee depreciating against the pound sterling," explains Bose. This led to poor cash generation, higher working capital, and thereby higher interest payments. This is clear from the fact that turnover of working capital dipped from 4 in 1983-84 to almost 2.5 in 1985-86. Also margins declined by almost 6 per cent over the same period. Result: the company reported its first ever loss in 33 years of Rs.59 lakhs.

Ray: "now a well-knit team"

The company took some major steps in 1986-87 and 1987-88, which yielded quick results. There was no time to depend on price increases which the government might sanction only after a series of presentations. This was time-consuming and meant protracted liaison with the government. So it was decided to start a dialogue with the government as an ongoing effort. Meanwhile, the company decided to concentrate on bringing about cost reductions in manufacturing to the maximum extent possible. "Earlier the problem was how to manage profits, but during 1986-87 we were concerned with

Gupta: relaunch of five products

how to make profits," says Ramachandran, who is in charge of production. What were the cost saving measures that the company successfully brought in?

Rationalisation of the production process to start with. The company introduced a number of changes, minor and major, which added up to a substantial saving in manufacturing costs. "In one case we changed the machine parts to make condensed strips of tablets of tablets resulting in lower consumption of packing materials (cellophane)," says Ramachandran. This also helped save storage space and transport costs. Additionally the company went in for bigger batches of different formulations by installing higher capacity equipment. "This cut down the time taken by the quality assurance department in analysis," he says.

Moreover, every purchase proposal for new equipment was thoroughly scrutinised to determine a viable pay-back period. "Only then the company went in for the equipment." The objective behind this was to reduce material cost by eliminating what was considered to be unnecessary, for instance, a spoon going along with a medicine bottle.

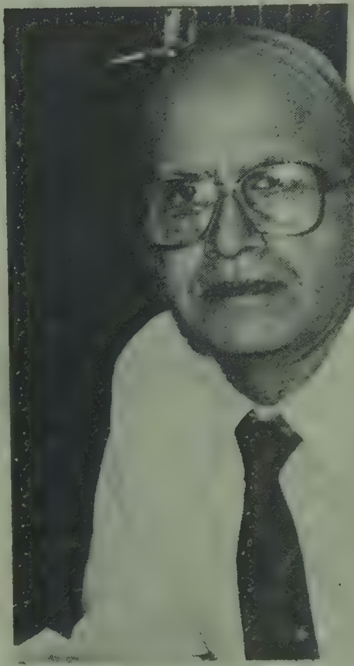
Similarly the finance department came up with a profit improvement plan which reviews applications to government for price increases, cost saving measures, monitoring inventory control, level of debtors and creditors.

"In planning marketing strategy we looked at BW's major weakness, namely vulnerability of one product," comments Gupta. "We therefore relaunched a range of five products which include Neosporin, Actifed and Calpol." Thus a company which shares the distinction of not launching a single new product since 1973-74 with Pfizer Ltd, finally came to terms with itself. During 1987-88 Neosporin showed very good growth in sales as also Actifed and Calpol, according to Gupta. "New products always serve as a great fillip to the sagging morale of any company's field force," says Gupta. While Septran sales increased by about 10 per cent during 1987-88, (which will end on 31 August unless the company decides to extend the year to March 1989 in line with government guidelines), the relaunch of the five other products seems to have worked and the company's sales are expected to touch Rs.70 crores during the year.

The co-ordinated approach of its key departments is the secret behind BW's upswing. "Bose has succeeded in getting together a well knit team," comments S.P. Ray, who is incharge of the personnel department and has spent 14 years with the company. "The two workshops preceded by a meeting of the executive committee made us realise the importance of participatory management," he declares.

Communications between staff in each department and between the departments have helped the management to not only involve employees at various levels but also closely monitor progress of work. For instance, at the factory in Mulund, the day starts every day with a 'breakfast meeting' between production plant chief, chief engineer, general managers in charge of chemical production, pharmaceutical production, materials and quality assurance. This meeting is chaired by senior vice-president Ramachandran. "This is a meeting where no breakfast is served — it serves as an appetiser. The objective is to review production of the previous day and the cumulative production of the year till that day," says Ramachandran. According to him this was introduced after Bose became president of the company and has helped in effective communication in decision-making. "I can see my production record every day. If I do so once a month it becomes a post mortem and then it becomes difficult to take corrective action in time," he states.

The other area where Burroughs Wellcome has made an impact is liaising with the government. Judging by the fact that Septran has been given only downward price revisions ever since it was launched in 1973, it is evident that government relations was not high on the priority list of the BW management. But Bose's patient efforts to convince the government about the cost factor has produced results. In a matter of one and a half years he was able to get eight price increases on various products, which according to estimates would contribute substantially to the profit of the company in the coming years.



Ramachandran: rationalising the production process

While the DPCO, 1987 has reduced the number of drugs under price control from 300 and more to 165, "Unless the government improves the packaging and conversion norms, the mark-ups have little meaning — which the government has accepted in principle," says Basu. He quotes an independent estimate by the Operations Research Group which indicates that the percentage of controlled drugs under DPCO 1978 was 78 per cent which has dropped by a near 4 per cent under the new DPCO 1987.

But Basu, Bose and some of the other executives in the company are optimistic about the future of BW and the Indian drug industry. An accent on new product launches sums up the future strategy of the company. In the coming two years there are plans to launch eight new formulations, one of which will place the company in a therapeutic group where it has no representation currently. They include Septran double strength and Vitamin C.

■

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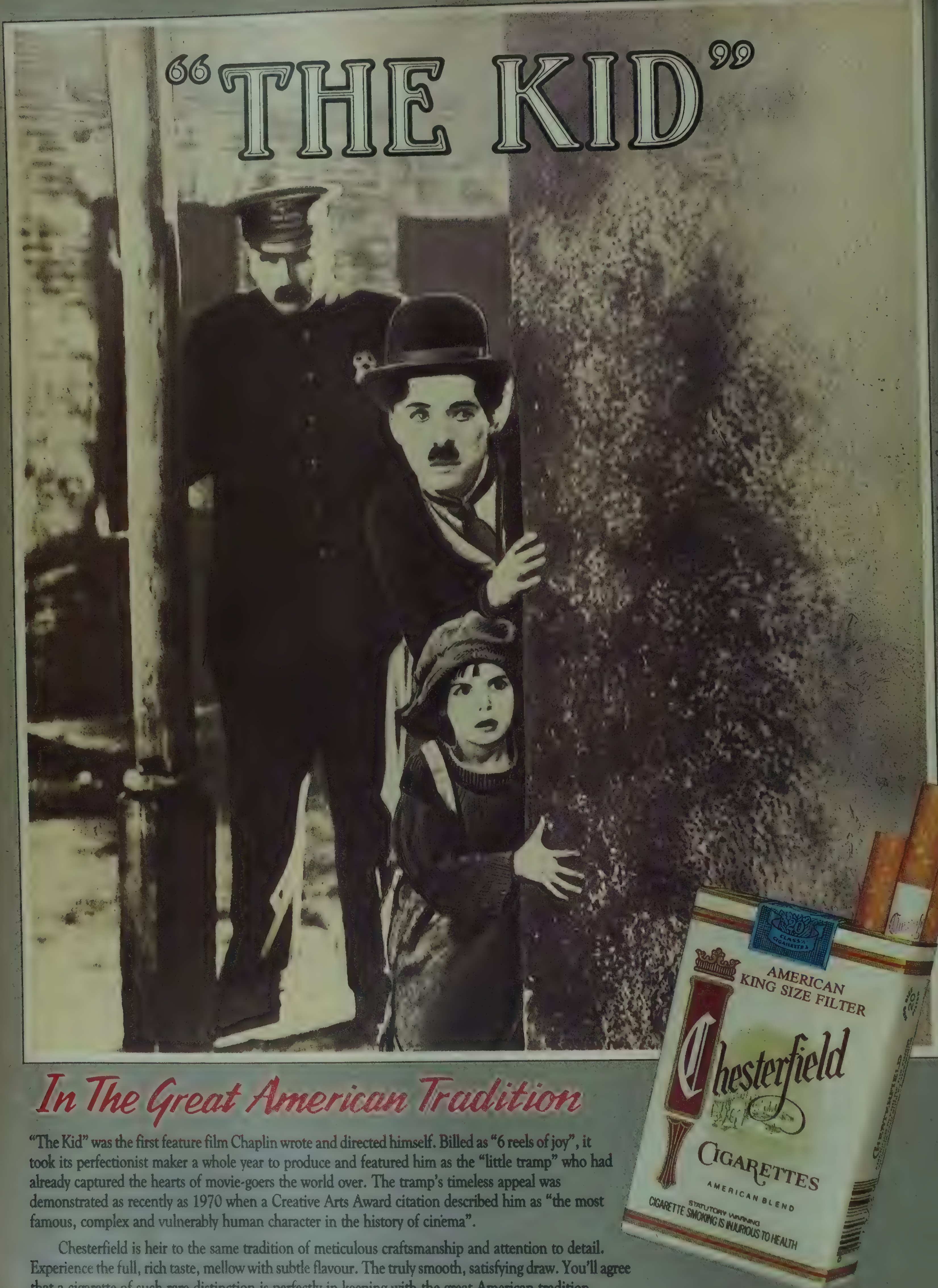
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SCINDIA STEAM NAVIGATION CO

Land ahoy!

The government's decision last month to revive the ailing Scindia Steam Navigation Co Ltd without replacing the present management has put an end to the agonising uncertainty about the company's future. The task ahead for the management, though formidable, would be made much easier by steering clear of losing markets

The grand old dame of Indian shipping is readying to set sail once again. The 69-year-old Scindia Steam Navigation Co Ltd, which had suspended operations over 18 months ago in the wake of mounting losses, is expected to lift its four-month-old lockout, work out settlements with creditors, and flag off at least five of its 22-strong fleet of ships by the end of this month. Hopes are now pinned on the Rs.28 crores promised by the central government as immediate assistance to the company to reactivate its ships, settle dues with creditors and statutory bodies, and meet working capital requirements. "The government just wants us to restart operations. Money is no problem, they have told us," says N.S.Parulekar, chairman of the company.

The government's decision last month to let the existing management of Scindia restart operations follows protracted efforts over the past year at rehabilitating the company. During that time, various options were considered, including takeover proposals from the Ruias of the Essar group, the Great Eastern Shipping Co Ltd, and the Shipping Corporation of India, and even liquidation. Two non-resident Indians, Zahid Vora from the UK and Ramm Das from the USA, had also bid for the company; the latter, expecting shareholders' support, has not lost hope as yet.

The pioneering Indian shipping company, which was once the country's proud symbol of resistance against British imperialism, has been struggling to keep its head above water for the past seven to eight years. Loose management practices, an obese workforce, missed opportunities and a worldwide depression of freight rates over the years had sent the company's bottom line reeling. With losses of Rs.29.28 crores for the year ended 30 June 1987, the company posted its sixth consecutive year in the red, taking accumulated losses to Rs.93.55 crores — losses incurred in the past year have been estimated at another Rs.25 crores.

To work a way out of this mess will be no easy task for Scindia's management. At a board meeting held on 26 July this year, the company's management asked for a range of concessions and reliefs from the government, the high points of which are listed below.

- Total outstanding loans and interest as on date payable to banks, yards and financial institutions other than the Shipping Development Fund Committee (SDFC), the Shipping Credit & Investment Company of India (SCICI) and the central government, will be paid by the SCICI or the central government.
- Total outstanding loans of Rs.112 crores as on 1 July 1987 to be scaled down to Rs.64 crores, which was the approximate market value of the company's fleet in October 1987, carrying the documented rate of annual interest at 4.35 per cent. The scaled-down debt is to be repaid over a seven- to eight-year period, with a moratorium till 1990-91. While the exact amount of this repayment will depend upon the cash resources available with the company, interest payments will be made regularly every six months.

Parulekar: "money is no problem"

- The remaining part of the loan, after scaling down — ie, the difference of Rs.48 crores between the outstanding loans and the market value of the company's ships — will be converted into zero-interest rate bonds to be issued by the company, repayable at the end of 15 years.
- Outstanding accumulated interest up to30 June 1988 of Rs.39 crores, owed to the SDFC, the SCICI, or the government is to be converted into equity shares.
- Proceeds from the sale of some of the company's real estate, ships and other assets, and lease deposits for three floors at the company's headquarters, Scindia House, will be utilised for repayment of loans. Loans carrying higher rates of interest will be given priority in repayment.
- Financial assistance of Rs.30 crores to be disbursed by the government at one stroke, for reactivation of ships, meeting cargo claims, payment of dues to creditors, customs and port trust authorities, paying employees' salaries, and meeting capital requirments. This assistance will carry an interest rate of 7.5 per cent annually.
- Immediate release of at least Rs.5 crores out of the Rs.30 crores asked for.

The government has, in principle, indicated that the rehabilitation package will include scaling down the debt to the present market value of ships, and conversion of the remaining debt into zero-interest rate bonds. A revamping of the company's board of directors is also imminent — one or two professionals from the SCI may be inducted on a deputation basis, and the SCICI may also have a nominee.

Last August, six of the company's 13-member board vacated their seats, while chairperson Sumati Morarjee was relegated to the non-executive position of chairperson emeritus. Five others, including present chairman Parulekar, were inducted, as representatives of the government of India, the Industrial Credit & Investment Corporation of India (ICICI) and the State Bank of India.

The replacement of Morarjee and six directors on the board was the first attempt at revamping the management. For a good part of her tenure as chairperson of Scindia, the company did well, and earned her respect in industry circles — she was even awarded a Padma

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THE TATA ENGINEERING & LOCOMOTIVE COMPANY LIMITED

Statement of the Chairman, Mr. S. Moolgaokar, for the year 1987-88

During 1987-88, your Company has shown resilience and has wiped out the poor financial results of 1986-87 with record levels of production and a sales turnover of over Rs. 1,400 crores. Profits improved due to all-round better utilisation of our plants, tight control on inventories and cost savings on all fronts. Out of 56,168 vehicles sold (11% more than in the previous year), 8,830 were in the Light Commercial Vehicle segment which we entered only a couple of years ago. Self-reliant growth (in hitherto untapped segments of the market) is our answer to the squeeze imposed on our profit margins by inflation and consequent increases in all costs.

CAPTURING LIGHT COMMERCIAL VEHICLE MARKETS

Way back in the fifties, Telco was the last manufacturer to enter the Medium and Heavy Commercial Vehicle scene. Today, we are India's largest producers in this field and we have a major share of the market. Now our 407 and 608 Light Commercial Vehicles are capturing an increasing share of this market. In just two years, they have gained a substantially higher market share than any of the LCVs built with foreign collaboration. The reliability, safety and easy maintainability provided by our LCVs are the result of careful attention paid to these essentials by our engineers and a total indigenisation programme which has yielded vehicles that do not cost the customer more when foreign currencies appreciate and for which spare parts are readily available at reasonable prices.

In 1986-87, we sold 5,045 LCVs. Last year, sales were 8,830 and this year, we expect to cross 15,000. These vehicles will contribute, in increasing measure, to the future profits of the Company.

THE LONG-AWAITED TATAMOBILE

The 206 pick-up we are now launching, incorporates some of the most recent developments in automotive technology. These vehicles have been extensively tested under severe conditions all over the country to secure valuable feedback before finalising our design. As a result, not only has the product been refined considerably, but our engineers have reaped invaluable experience on this category of product.

Export markets have shown interest in the 206 pick-up—which belongs to one of the fastest growing segments in the automobile market worldwide. Within India also, there will be numerous applications for which this vehicle will be ideally suited. At the forthcoming Annual General Meeting, we will display yet another new model, for which there should be an assured market.

BUILDING AN AUTOMOBILE

For introducing new vehicles, apart from organising production facilities and training our personnel, we have to develop suppliers. Barring a few established ancillary sources, it takes considerable time to develop suppliers for the kind of sophisticated components our new generation of vehicles need. We, therefore, have no option but to make our suppliers succeed.

In Telco, we also design and build most of the capital equipment we need for volume production of modern vehicles. We are the only automakers in India who design and produce heavy press tools and special purpose machine tools. This adds to the complexity of our task but makes it possible to respond quickly to the varying needs of our customers and thus sustain our growth.

The pool of technical talent engaged in our various activities constantly interacts with our vehicle designers. A vehicle concept is thus developed by the vehicle design engineers through an intensive cross-flow of information from the marketing, testing, engineering, production and service functions. It is this simultaneous engineering that has permitted us to speed up the introduction of new vehicles. The traditional sequential procedure would have added years to the product introduction cycle. The best ideas available internationally, with those from our engineers in different disciplines, as also our suppliers and customers, contribute to the final design. I am not saying this is the easiest way to bring out a new vehicle. It would have been simpler to assemble vehicles from kits designed and manufactured abroad. I am convinced, however, that this—sometimes painful—approach is the best for the future of our Company and for the growth of this vital industry.

A PLEA ON BEHALF OF THE INDUSTRY

India's road transport industry is getting throttled because of the very meagre ploughback of funds into building and maintaining roads. I have made a case earlier for some reasonable percentage of the revenues generated by road transport being allocated for the development and upkeep of roads. To make up for years of neglect, at least two-thirds of the revenues arising from road transport must be ploughed back into road building and maintenance. There seems no other way to prevent the collapse of road transportation in critical sectors.

Our far-from-adequate road transportation system is likely to break down, sooner rather than later, because it is clogged with old, poorly maintained vehicles which have been flogged mercilessly beyond any reasonable expectation of their useful life. Spurious parts of suspect quality are used to keep these vehicles on the roads, where they are a danger to everyone. A progressively reducing maximum age limit for vehicles must be mandated by the Government to maintain some semblance of order on the roadways. They must also come down heavily on suppliers and distributors of substandard automobile parts. There should be no mercy shown to those who make profits at the risk of lives.

Another area which requires active Government intervention is the creation of an economic policy framework which encourages self-reliance in the automobile industry. Unfortunately for our industry, piecemeal policy announcements, without a central thrust for indigenisation, have resulted in high priority being accorded to protecting manufacturers who still import a significant proportion of their vehicles. Would the cause of self-reliance not be better served by giving additional incentives to indigenous manufacturers who take the risks and expend the efforts to design products on their own.

OLD TIES RENEWED

Much of what Telco is today, we owe to the technology, values and perfectionism we imbibed from Daimler-Benz during the collaboration we had with them from 1954 to 1969. Daimler-Benz continues to be one of the truly great business enterprises in the world. We have always treasured our long-standing ties with them.

Now an opportunity has presented itself for Daimler-Benz and Telco to join hands again, for the manufacture of a special class of Daimler-Benz commercial vehicles. We are proud to have been identified by Daimler-Benz to be one out of only two plants outside Germany, where they will consider making these world-concept trucks. Details of the proposal are being thoroughly studied. The project should bring substantial foreign exchange earnings for our country and make available advanced technical know-how for our Company.

CONTINUITY OF MANAGEMENT

Mr. N.A. Palkhivala has been urging the Board, for some time now, to relieve him of his responsibilities as Telco's Deputy Chairman. His contribution to our Company has been invaluable and remains irreplaceable. In view of the growing demands on his time, Mr. Palkhivala has persuaded us that he cannot continue to devote the time he has so generously allotted for our Company all these years. While he will continue to make his counsel and guidance available as a Director on the Board of our Company, he has insisted on relinquishing the office of Deputy Chairman. I am sure I speak on behalf of all shareholders and members of the Telco family when I thank Mr. Palkhivala for what he has done for our Company.

Mr. Ratan Tata has been appointed as Executive Deputy Chairman of Telco. Mr. Ratan Tata is Chairman of Tata Industries and of several other units in the Tata Group. He has had top-level exposure to a number of companies, several of which he has strategically directed towards businesses in high-technology industries. As such, he is well equipped to help Telco chart its course in the coming years. I have no doubt that Mr. Tata's management capabilities will complement the strengths of Telco's solidly-competent management team and so provide the Company with the right leadership for the future. I believe he will be the correct choice for succeeding me as the Chairman of Telco.

ENSURING SUSTAINED GROWTH

Telco's capabilities today are the result of years of quiet gestation. Over this long period, we have built assets, both physical and human, that are irreplaceable. It would be near impossible, at today's costs and with the slim returns available in the automobile industry, to re-create the modern plants Telco has built and rejuvenated over decades (so that they have grown younger instead of older). Much less would it be possible to find a ready-made substitute for the wealth of technical and managerial skills that have been developed by our people: skills with which they can independently design vehicles and build manufacturing plants which bear international comparison. These are the true ingredients of sustained corporate growth and they have been built into the essence of Telco.

For the improvement in the performance of the Company in the year that is just over, and for the prospects of better performance to follow, we have our employees to thank. It is they, working together, who have built Telco. And it is they who will help the Company acquire a role of greater prominence in the exciting and challenging years that lie ahead.

Note: This does not purport to be a record of the proceedings of the Annual General Meeting.

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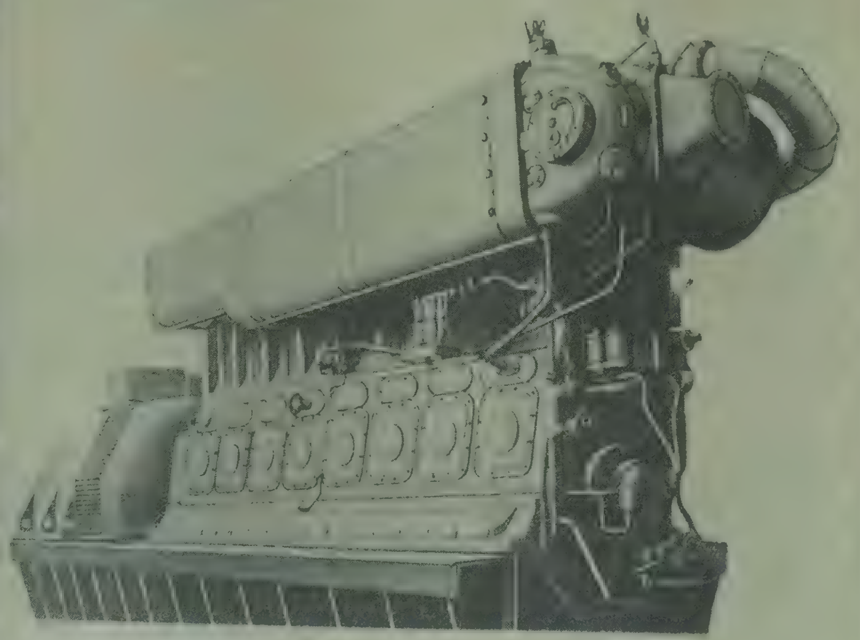

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SGS/KE/1/88

Singhal: "back in the black in a year"

Vibhushan in 1971. However, it cannot be denied that the total decline of the company also took place under her stewardship. When *Business India* contacted her, she declined to comment, saying that she was no longer associated with the company in any official capacity.

Even as a restructuring of the management and funds from the government are awaited, the present board has begun talking to dry docks in Singapore and Colombo for reactivation of its ships — Indian dry docks are fully occupied. Four or five of the company's ships, which do not need immediate drydocking, will be chartered out by the end of the month while the rest (excluding eight ships which are to be scrapped) will be flagged off by early next year.

But, unless the company settles with its creditors, it cannot ensure that its ships are not arrested once they start plying. The recent arrests of two of its ships at foreign ports — the 75,393 dwt *Jala Vihar* at Ghent in Belgium and the 52,559 dwt *Jala Vijaya* near Devon in the UK — caused concern, but efforts by the SCICI and the company's management have saved the former from being auctioned off, following an out-of-court settlement with the creditor. There are, however, six other creditors to whom the company owes about Rs.75 lakhs with respect to the *Jala Vihar, who have yet to be placated. In the case of the Jala Vijaya,* the company and the SCICI managed a release from auction once before, but it has now been arrested by another creditor.

The company worked out a scheme late last year for settling with creditors, under which they were asked to forgo 80 per cent of their dues, and receive the remaining amounts in three instalments. Parulekar says that over 90 per cent of the foreign creditors have agreed to this arrangement, as also the majority of Indian creditors. He is, however, hopeful of winning over all the creditors. The creditors who agreed to the company's scheme last year received 10 per cent of their dues — totalling about Rs.1.8 crores — in November 1987, and another 5 per cent in June 1988.

One of the more pressing issues before the company's management will be to decide whether Scindia should continue in the liner trade, in which even the state-owned SCI has been incurring cash losses over the past few years. Shipping companies engaged in the liner trade have fixed routes with regular ports of call and pre-specified transit times for their ships, unlike the tramp trade, in which ships (such as those of Great Eastern Shipping) have no fixed ports of call — they lift cargo from wherever it is available.

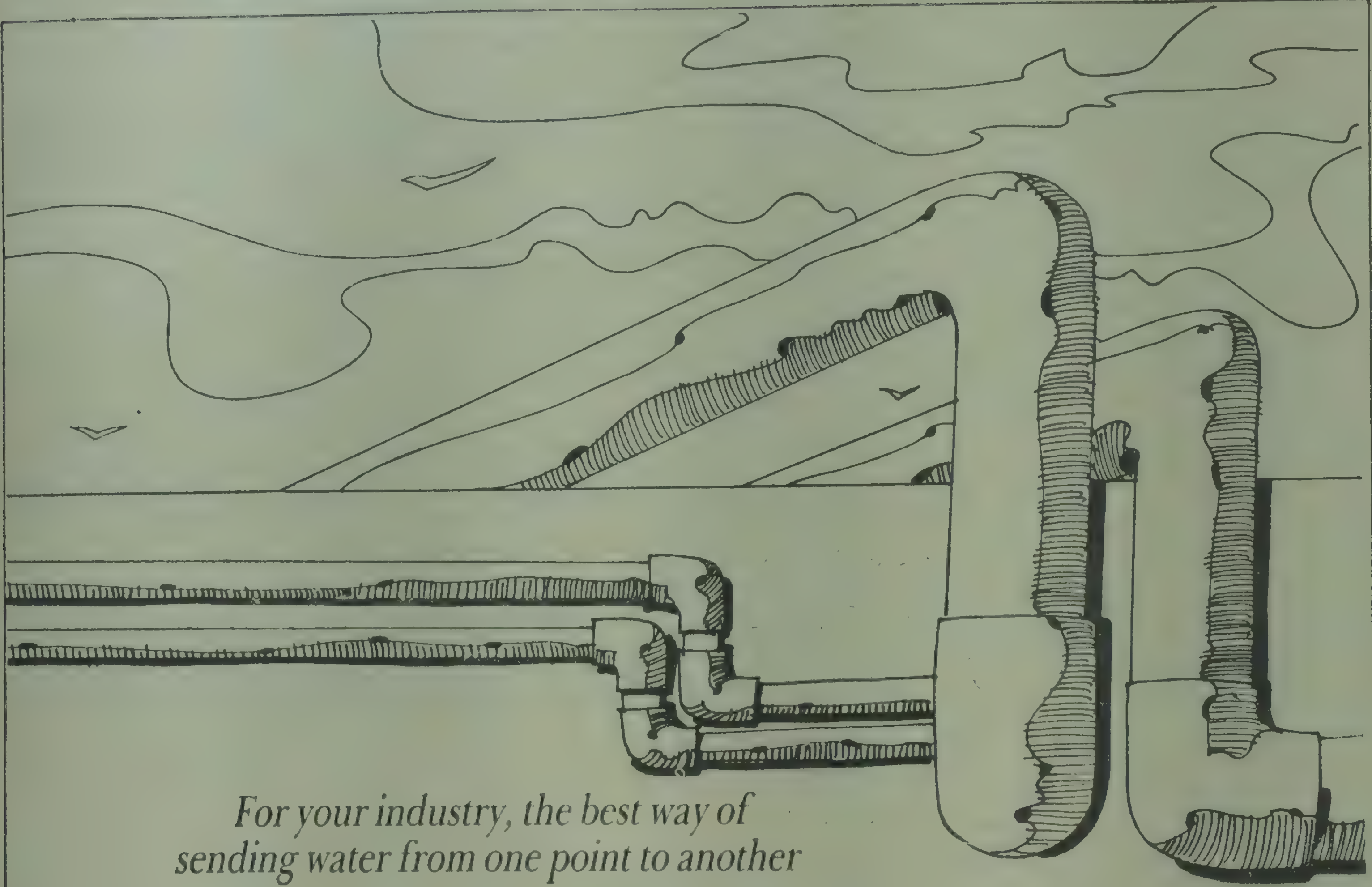
A review of the company's performance in the year 1986-87 shows that it incurred cash losses of Rs.18.78 crores in the liner trade; in the preceding five years, barring 1984-85 (when the world freight markets looked up briefly), cash losses amounted to about Rs.39.2 crores.

The last few months have, however, seen an improvement in the world freight markets, although it has not been pronounced in the liner trade. "In sympathy with the improvement in the freight rates for bulk carriers and tankers, liner rates have also moved up," says S. Parthasarathy, general manager of SCICI. "But in the liner trade, there has been a two-way movement... bunker costs have declined, and operating margins have improved." He also notes that the liner trade has some inherent strengths. "Breakbulk cargo cannot be moved by tramp ships... so the liner trade has its own niche in the market," he says. "Also, it has more cohesion because liner shipping companies are members of conferences." The conference system in liner shipping ensures members' cargo sharing on specified routes.

If liner shipping offers advantages of cohesion, it also suffers from some significant weaknesses. Says Parthasarathy, "In the liner buiness, you have to cope with high administrative costs; direct operating costs account for about 80 per cent of the gross revenues. The company is saddled with a technical problem too. The liner business, world-wide, is getting containerised, but Scindia does not have containerships in its fleet. A good part of the company's fleet is designed to carry breakbulk cargo, although some ships can be refitted to take on containers. The company, however, has no immediate plans to carry out such refittings, leave alone acquire containerships.

For the present, the company plans to concentrate on the India-UK/Continent and the India-Black Sea routes, where it has conference memberships. "We will not use our ships on the India-US route," says Parulekar. "It is almost fully containerised, and a difficult route on which

Das: making a last-ditch bid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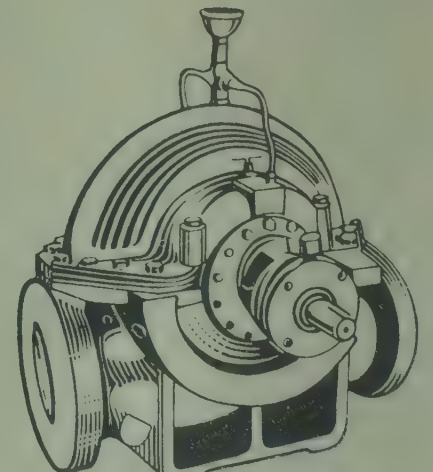

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to get cargo. Our past experience in this sector was not very profitable." The company may, however, consider plying its ships on the neglected India-Middle East and West Africa sectors. At the same time, it has to decide whether to stay in the liner trade or not; its options are to go in for time charters, bare boat charters or cross trades.

It is interesting to note that of all the proposals put forward to the government for the takeover of Scindia, only one — from Ramm Das — spoke about inducting container ships into Scindia's fleet. Das, who proposed to bring in six container ships, valued at around Rs. 50 crores, firmly believes that containerisation is the only way out for Scindia. "I believe it will be possible to save a lot of foreign exchange now being paid to foreign lines for carrying container cargo," he says in a revised proposal submitted to the SCICI early last month.

While shipping circles feel that the government and the SCICI were not satisfied with Ramm Das's credentials, they have expressed surprise at the rejection of Essar's proposal. Senior officials in the shipping and finance ministries revealed to *Business India* in New Delhi that the government's decision was mainly political. Handing over Scindia to Essar would have invited criticism of privatisation, even though the terms Essar offered were more favourable than SCI's. Essar, had offered to pump in about Rs.60 crores immediately to meet repayments of government loans (about Rs.27 crores had been advanced by the SCICI over the past year to meet payments to creditors, employees and statutory bodies such as the port trust authorities and the customs, among others), and expenses to reactivate the fleet.

While Essar has closed its file on Scindia and the company's workforce has agreed to submit written undertakings to the company's management assuring co-operation in the revival effort, Das still has some fight left in him. His contention is that the present management had no right to take on an additional loan burden of Rs.27 crores, or even to declare a lock- out. In fact, some shareholders of the company, who are prepared to back Das, have sought to file a suit in the Bombay High Court challenging the constitutional validity of the SDFC (Abolition) Act, under which powers were given to the SCICI to recover SDFC loans advanced to Scindia.

"Stockholders will force the company to call an annual general meeting," says Das, who expects to be nominated to the board at the meeting. The company had to adjourn the AGM held in March this year as the accounts for 1986-87 had not been finalised. "I expect majority support (at the AGM)," says Das, "because each stockholder would expect his stock to be saved."

So far, nobody is saying anything about the existing shareholders who number over 50,000. But clearly, the feeling is that, with the company virtually bankrupt, the equity of the shareholders is worth less. Therefore, anything that the shareholders receive in the future is more than they could get on liquidation today. The current share capital is Rs.18.94 crores, of which the Morarjee family owns approximately 4 per cent — institutions hold about 36 per cent, and the rest is held by the public. If, according to the company's proposal, the Rs.39 crores of accumulated interest is converted into equity, the government or the SCICI will wind up owning about 66 per cent of the company.

It is important to note that whoever puts in any money into the company, would expect to control a significant part of the equity. Therefore, while no suitor is willing to talk about specifics, clearly the present shareholders stand to lose signficantly whatever happens. From the present shareholders' point of view, the most important thing is to see who can steer the company around in the shortest possible time. Only then can the shares, last traded at Rs.4.50 (face value Rs.20) on the Bombay Stock Exchange, increase in value and regain some of their former shine. These issues will influence the shareholders one way or the other as they vote at the AGM on any package that is put forward.

While Das makes his last-ditch bid, shipping circles are hopeful that the existing management will be able to pull the company back into the black. Says N.C. Singhal, managing director of the SCICI, "The immediate emphasis is to run the ships and then wait for an appropriate time to buy more ships. In the profit and loss account, the company should be in the black in year one." If that happens, Scindia will hopefully be spared the ignominy of joining the long list of shipping companies that have gone into liquidation, worldwide, over the past few years.

■ SHANKAR P

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CONTOUR ADS-CIL-70A 88

HOGANAS INDIA

An iron grip

Its teething problems over and with no other manufacturer in sight, Hoganas India has a monopoly of the iron powder market. The company is also trying to extend its scope by exploring new applications

Doubts about a project that had initially raised great expectations among the investing public are fast disappearing. "Hoganas India is now making iron powder of quality acceptable to consumers," says V.K. Sud, managing director.

When the company, a subsidiary of Hoganas AB, Sweden (now Kanthal Hoganas AB after the acquisition by Kanthal), made its public issue in August 1987, the Rs.27.6 lakh equity offer attracted plenty of applications, the total share application money being Rs.20 crores plus.

Investors first felt Hoganas was a good bet. The issue was, therefore, oversubscribed 81.22 times. But persistent rumours that cast doubts on the quality of the iron powder that the company's plant started churning out late last year, the continued imports of this product under OGL and the release of the half-yearly results showing a loss of Rs.46 lakhs, had a depressing effect on the price of the company's Rs.10 paid-up share. From Rs.80 soon after listing, it fell by nearly 50 per cent and is currently quoted at Rs.44 (on 20 July 88).

Hoganas Sweden which (with its associates around the world) commands 70 per cent of the world market in iron powder, has been supplying different grades of iron powder to Indian buyers for the last 20 years. It feeds 80 per cent of the Indian market and has developed an "intimate" knowledge of local requirements.

A decision was taken to set up a 6,000-tpa plant in Ahmednagar which would produce iron powder of quality comparable to the imported product. As for the market, it was assured, since automobile manufacturers and defence industries had been using Hoganas' iron powder for the last two decades.

But consumer industries continued to rely on imports. To tackle this problem, says Sud, "We made a representation to the government of India to remove iron powder from the OGL list. The union ministry of finance responded by raising the customs duty from 85 per cent to 115 per cent in the 1988-89 budget." This has made Hoganas India's product, at Rs.15-16 per kg, cheaper than the imported product priced at Rs.17.50 per kg, thereby making imports unattractive.

Dhiren Munshi, manager, merchant banking division (western region) of Hongkong Bank, dispels doubts about Hoganas' health. The company has performed according to projections, he says. "Yes, users have two to three months of accumulated stocks of the imported product, but that is not uncommon. Any user would follow a wait-and-watch policy in such cases where everything hinges on quality and there is no previous manufacturing experience in that industry in the country."

According to Munshi, Hoganas India's iron powder is 95 to 99 per cent pure, conforming to international standards. This is reaffirmed by the chairman of the company, Kamaljit Singh, who is also one of the promoters: "We have letters from users saying that our product is better than the Swedish product."

Hoganas India commissioned its plant in November 1987 in what is referred to as "record time" in the 1986-87 directors' report. It is a single product company but the multiple applications of the product ensure it a broad-based market. Iron powder, used in coating welding electrodes, gives welded products more strength and ensures a better weld. It is also used in producing sintered parts using powder metallurgy techniques. It is used in high speed cutting of stainless steel. And the users are many — Peico Electricals & Electronics, Advani Oerlikon, Mukand Iron, Jindal Strips among several others. Comments S.R.V. Easwar, general manager (purchase), Advani Oerlikon, Bombay, "Earlier we were importing iron powder from Hoganas Sweden. Since January our entire requirement of 40 tonnes a month is being supplied by Hoganas India, and it is as good as the Swedish product."

Sud: exploring new applications

With no other manufacturer in sight, Hoganas has the market all to itself. If the management's claims are to be believed, Hoganas India is fast showing signs of living up to its promise of becoming a profitable high-tech import substitutor of iron powder. Says Kamaljit Singh, "Hoganas India is making marvellous progress. The plant is doing much better than others in the start-up stage."

In the current year ending 30 October the company expects to sell 2,400 tonnes of the product, which means a capacity utilisation of 40 per cent. This is in line with the forecast made by the management at a press conference about a year ago. According to its projections, the company will reach its full capacity of 6,000 tonnes per year in five years. "We are trying to increase our market share by exploring new applications," says Sud. The dyestuffs industry is a potential user of this product. "If we succeed in developing applications in the chemical industry we might touch 6,000 tonnes a year in the third year," he predicts.

All these are paper projections; but it is true that Hoganas India has a lot of positive factors working for it. Kanthal Hoganas Sweden, the parent company, holds a 51 per cent stake and cannot allow its reputation to be damaged. Hoganas Sweden has set up plants in other countries too and there is no reason why the Indian plant should not be a success as its other plants have been. And since the Indian company is not tinkering around with new technology but is manufacturing a product established in India for 20 years, it need waste no time in market development.

■ BASUDEV DASS

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Come into your own when Kashmir is alone.

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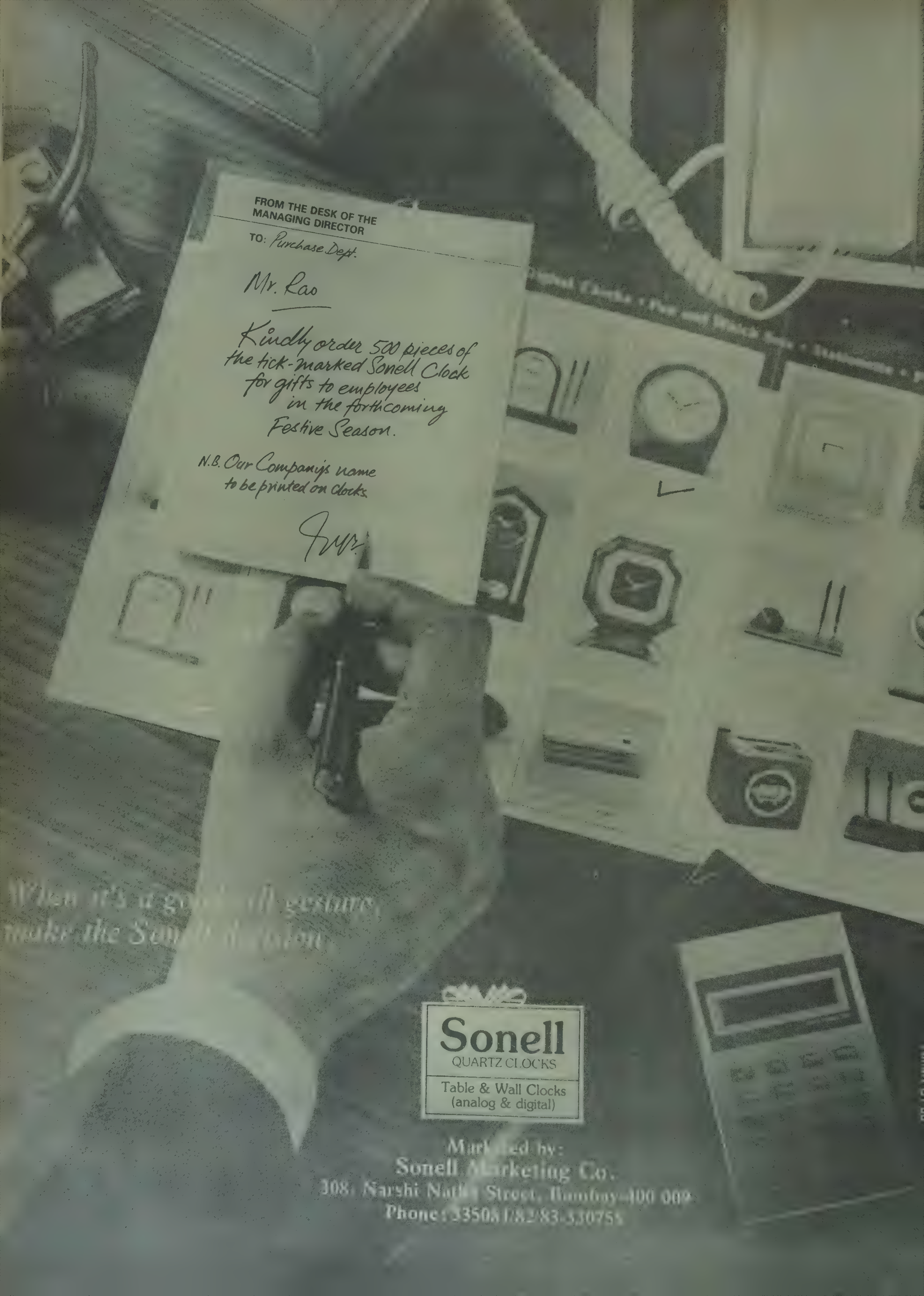
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KINETIC HONDA

Legitimate advertising or disinformation campaign?

Last month, the Bombay-based Alpha Motor Company (AMC) released the results of a running test on three popular brands of scooters. Little did it imagine then that it was laying the ground for a major controversy involving two of the three participants — Bajaj Auto and Kinetic Honda. Using the test findings as evidence, Kinetic Honda Motors Ltd, the manufacturer of Kinetic Honda scooters, released a series of large advertisements in almost all the leading newspapers in the country, claiming that its scooter was the "most trouble free", "(gives) best mileage", and was the "most comfortable". Bajaj Auto dismisses these claims as "misleading and far from the truth" and describes the advertisements as "disinformation campaigns".

AMC, which conducted the test, is a small outfit headed by Nazir Hoosein who is otherwise known as the organiser of the Himalayan Car Rallies. The Alpha Lap test involved riding the scooters over a distance of 20,000 kilometres across the country. Explaining why the test was carried out, Hoosein says, "With so many makes of two-wheelers in the market, the consumer is rather confused as to the merits and demerits of these vehicles in the areas of reliability, long-term running costs, durability, etc. The test with its findings, tries to clear these confusions."

Even before the test was over, Kinetic Honda started putting out advertisements cashing in on the test results. The advertisements claimed that according to the test findings, Kinetic Honda DX was the most trouble-free scooter. In the entire 20,000 km run, the ads claimed, Kinetic Honda was attended to only four times for breakdowns and faults and part replacements; whereas for Bajaj Super the figure was 17 and for LML 150 NV, 14. Kinetic also claimed to give the best mileage — 45.24 kms per litre against Bajaj's 43.99 kms and LML's 43.33 kms. What's more, it was also the most comfortable — the test riders had given it the highest ratings.

Both Bajaj and LML refute these claims. LML says that if cost of oil is added to the cost of fuel then LML Vespa has the lowest running cost. While Bajaj Auto does not refute Kinetic's claim of having the best fuel efficiency, it raises strong objections to the number of problems recorded (only four) in the ad for Kinetic and the ratings of the riders. "The fact is that the actual list of problems faced by the Kinetic scooter is not four but 19 according to AMC's own listing in the report," says Arun Pande, general manager (marketing) of Bajaj Auto.

Pande has a point. The final report of Alpha Lap does list 19 problems under the category of other-than-normal service (which means the vehicle has to be serviced although it has not stopped) and breakdowns for Kinetic Honda, 17 for Bajaj and 35 for LML. "Such suppression of reported data to the disadvantage of other manufacturers is professionally undesirable and totally unethical," Pande complains.

Strangely, although Kinetic's advertisements prominently mention that it is based on Alpha Lap's report, AMC so far has done nothing to stop the misuse of its test results, although it feels that Kinetic is not doing the right thing. "This kind of advertising is in bad taste because it suppresses certain unsuitable facts and picks up only the ones favourable to the advertiser," says Hoosein. To put the facts straight, AMC plans to publish a cheap booklet which will list the findings of the test. "Let the consumers themselves decide who is right and who is wrong," says Hoosein.

Arun Firodia, managing director of Kinetic Honda, does not think he is doing anything wrong. "Every single word in our advertisement is factually correct, so where is the question of misleading the consumer," he asks. Kinetic has excluded the cleaning, greasing and adjusting jobs done on all the three scooters wherever these were not associated with breakdowns; the advertisement does make a mention of the exclusions. "We excluded these, because they are minor servicing jobs, otherwise the list would have been unmanageably long," says Firodia. Bajaj Auto feels that Firodia's argument is flimsy because some of the problems excluded are major in nature and require cubmersome servicing, "For example, the fuel tank of Kinetic Honda had to be cleaned twice and not just once as in the case of the other two Cleaning a fuel tank is a major servicing job because the tank has to be removed, but their advertisement happily omitted

Firodia: our ad is correct

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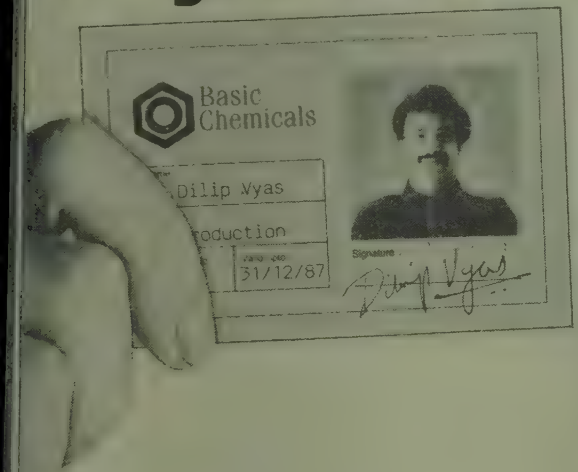

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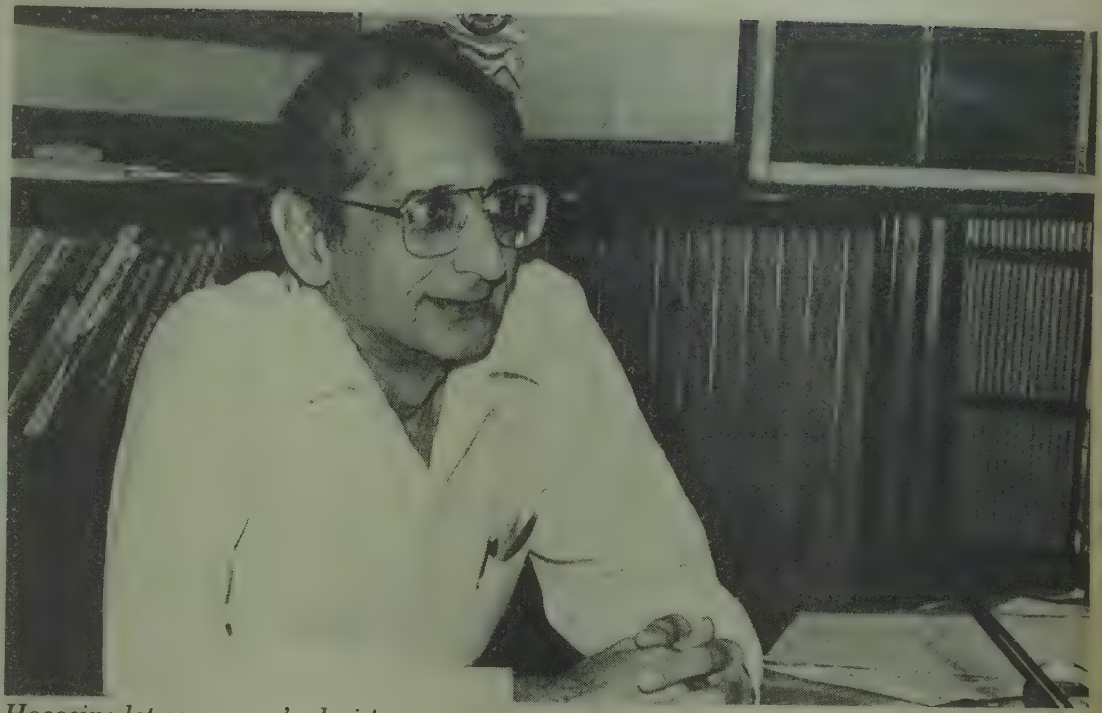


Hoosein: let consumer's decide

this," says Pande. Moreover, cleaning the carburettor (done four times) in Kinetic Honda is a major problem because, as one rider pointed out, "of the poor accessibility of the engine".

Undeterred by the criticism, the unflappable Firodia says, "Even if, for the sake of argument, you include all the greasing, cleaning and adjusting jobs, the picture will still be favourable to Kinetic Honda." If the routine servicing jobs (as carried out by Alpha Lap following the owner's manual) are included, says Firodia, the total number of cleaning, greasing and adjusting jobs done on the Bajaj scooter works out to nearly 100, for LML it will be 44, and for Kinetic, 28. Bajaj feels that such a comparison is irrelevant because routine servicing jobs are done for preventive maintenance and should not be included in the problems of servicing.

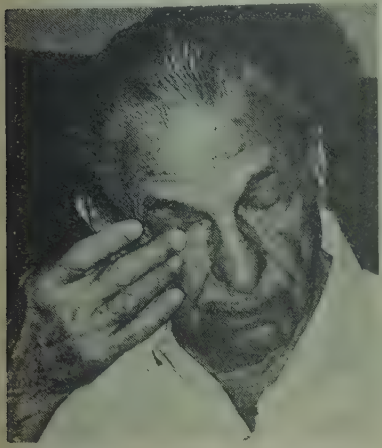
Bajaj and LML have other complaints too about the way the ratings for the three scooters were assigned. To find out which scooter was the best in terms of acceleration, road holding, cornering, braking, rider's comfort, noise, etc, the riders were asked to rate the three scooters on the basis of their experience. The three test riders were rotated at regular intervals on the three scooters. Kinetic Honda has been rated best on 15 out of 16 counts and has thus been considered the best on overall performance, obtaining the highest average rating of 4.71 (out of a maximum of 5.00) against 3.16 in case of Bajaj and 3.18 for LML.

Bajaj Auto is not in a mood to accept this either. B.G. Kher, deputy general manager (services) of the company, says, "Though rider ratings all lean towards the superlative for Kinetic Honda, some riders have also mentioned fundamental and serious inadequacies." For example, one rider says that Kinetic Honda has excellent gradeability and yet comments that "in hot conditions, its performance drops, pick up and fuel average goes down". Another rider who rated Kinetic's road handling as excellent says that "it is very light and so creates problems, particularly on rough roads".

Another shortcoming of the test, according to Bajaj Auto, is that it was only over 20,000 kms, which is equivalent to around two years' normal driving. "For testing reliability and durability, vehicles must be run for at least 60,000 kms equivalent to five or six years of normal riding, because it is well known that the more serious engine and transmission problems begin after four to five years on most vehicles," says Kher.

But perhaps, the most glaring limitation of the test is the small sample size — just one scooter of each brand. Informed sources say that to draw any meaningful conclusions, at least 10 scooters of each brand ought to be tested. Meanwhile, Kinetic has come out with a new advertisement featuring a collage of newspaper and magazine cuttings which say that Kinetic Honda's scooter has been proved the best by the Alpha Lap test. ■

DILIP MAITRA

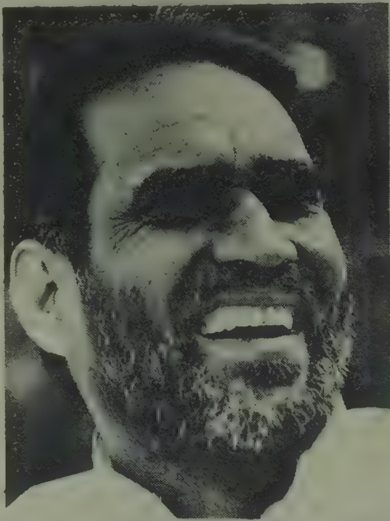


For two Bombay-based veterans of the Indian industry, last fortnight was as eventful as events could get at the fag end of their illustrious careers. **Jehangir Ratanji Dadabhoy Tata,** 84, the son of a successful Paris-based Parsi pearl merchant and a French mother, completed 50 years as the chairman of Tata Sons, the all-powerful Tata holding company. The occasion passed virtually unnoticed. There was no official celebration and the old man did not attend the much publicised launch of TELCO's pick-up vehicle, Tatamobile. But at TELCO itself history was being made. **Sumant Moolgaokar,** the 82-year old chairman finally announced that he was retiring at the end of March next year, most likely in favour of Ratan Tata. For nearly four decades this shy British-educated engineer has steered the fortunes of India's most successful engineering company, starting out first as a manufacturer of steam engines and then moving into trucks and now to pick-ups and cars. Frail health, he told an interviewer, had forced him into making the decision.

Kalpana Singhania was a trendsetter eight years ago when she took charge of the cosmetics firm, J.K. Helene Curtis. In the traditionally male-dominated Indian business families it calls for great courage for a widow to take over the full-time management of a group company, however small. Her husband, Gopalkrishna Singhania, had been a force behind the J.K. group's massive expansion in the seventies. Relatively very young when he died, Kalpana, a Bombay person, was offered the city-based company to keep herself occupied. But now that the reorganisation of the business house into three zones — north, west and east — is more or less complete, Kalpana finds herself in an odd situation. Her interests fall in the northern zone part of the family — J.K. Synthetics, J.K. Cotton etc. Though she refused to confirm or deny the fact, in all likelihood, Singhania will give up J.K. Helene Curtis and move to Delhi. But how she will keep herself occupied in the capital is not known.

Noel Rands is definitely not the most well known of bankers in India, but he is definitely the most visible. Three years ago he came to Bombay as the South Asia representative of Midland Bank. Since then, apart from managing money he has acted in three episodes of the critically acclaimed TV serial *Raj Se Swaraj,* has played John Cadbury, the founder of chocolates in the Hindustan Cocoa Products' film for school children, *The Story of Chocolate,* has roles in the TV ad films for TTK's Fryums and Jenson & Nicholson, and will appear in the forthcoming Dinesh Suiting ads along with Sunil Gavaskar. And those visiting Gwalior can hear his voice in the *son et lumiere* show detailing the history of the city at the Gwalior Fort. Not bad for someone who has never looked for another career since joining Midland at the age of 16, 32 years ago! "My TV roles have helped me in my banking job," says Rands, "My clients are thrilled to deal with an actor they see on TV often." He is sad that he will have to leave the country at the end of the year. Is there any chance of giving him an extension since he loves India so much? "Well, though they have announced the name of my successor," he says, "I have four more months to go. And who knows my successor might in the meanwhile decide to become a monk in a Tibetan monastery, and that would force my employers to extend my tenure."

Everyone aboard a crowded and stuffy Indian Airlines flight from Lucknow to New Delhi was grumbling about the usual delays and problems, but one passenger was especially impatient. Sitting on an aisle seat, opposition leader **Chandra Shekhar** had stuffed his suitcase in front of an empty seat next to him. In Lucknow, an American tourist boarded the flight, sat next to Shekhar and politely asked him to move the bag. Chandra Shekhar refused. The request was repeated. Chandra Shekhar refused. The request was repeated, less politely. Another refusal. The American, unaware he was committing lese-majesty, angrily grabbed the suitcase and stuffed it under the foot of his neighbour. Turning to the smouldering politician, the American offered to make amends. "Shut up!" came the reply. Wasn't there some way the situation could be resolved? "Shut up!" he said again, "I don't want to talk about it." Afterwards, the American was informed by amused passengers that he had offended someone who may not be a prime minister but surely expects to be treated like one.



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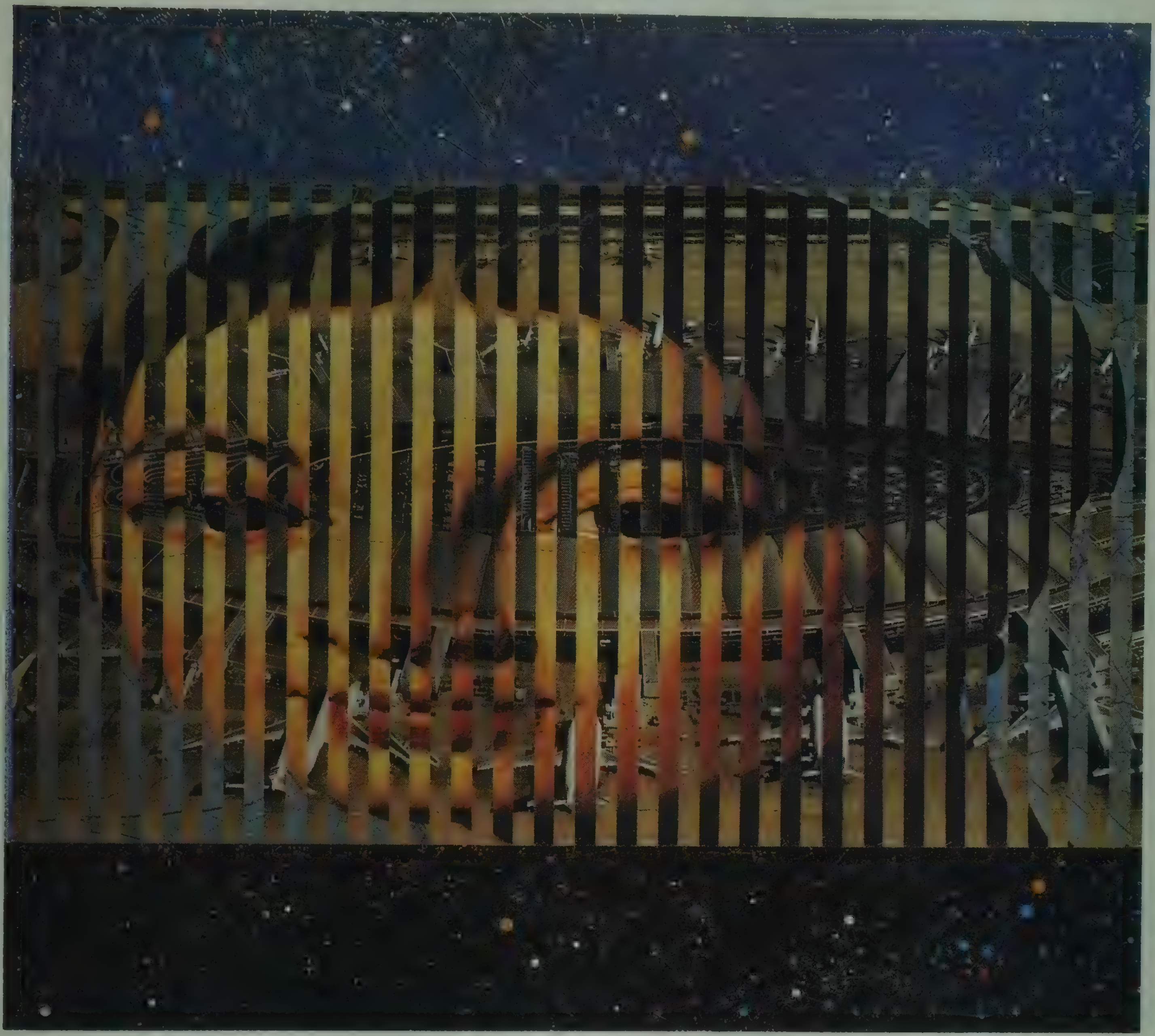

«Je suis la Beauté - Paris». When we asked the Czechoslovakian artist, Kolar, to interpret The Fine Art of Flying he responded with his famous, multi-image rollage technique. "Paris", he reflected, "is a love affair with a fascinating woman - she will open many worlds to you and yet always draw you back". Air France leaves Paris for the world more than 150 times every day. And every flight is a love affair.

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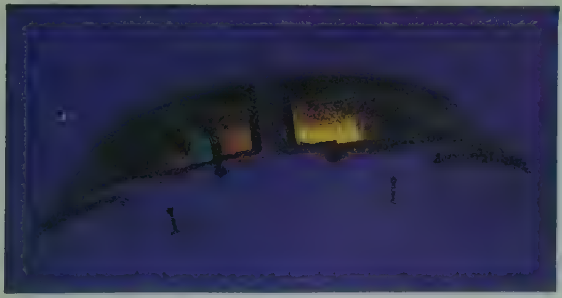

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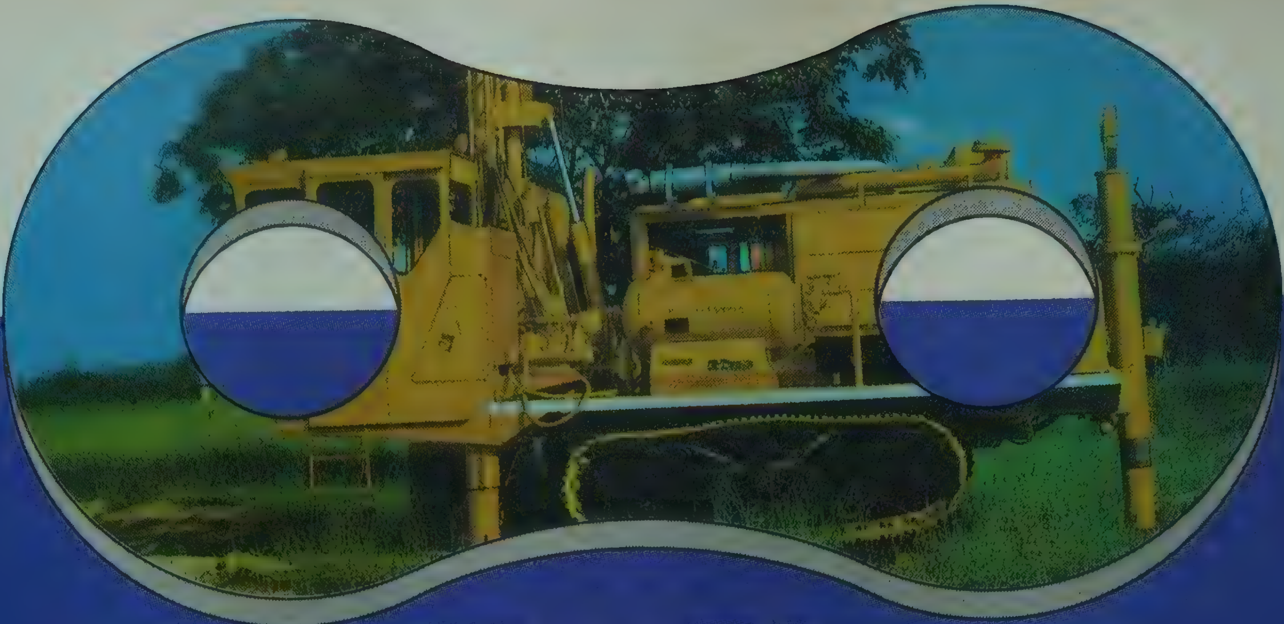

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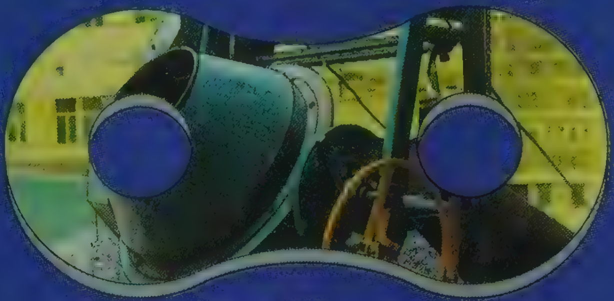

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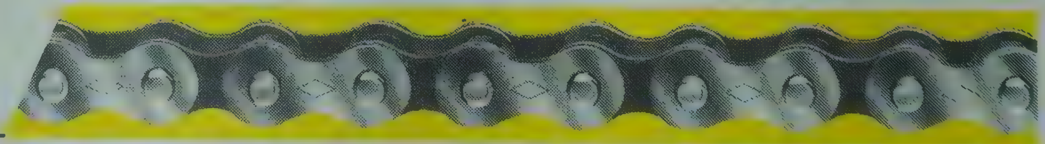

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DELHI

Cholera marches on

The prime minister has visited the cholera-stricken resettlement colonies of Trans-Yamuna, east Delhi. Soon after, prominent political heads have rolled. Delhi Municipal Corporation and Delhi Development Authority officers have been disgraced. Figures on money spent in cleaning operations are now being issued. Whole populations have been advised, medicated, inoculated and injected.

Meanwhile, the epidemic seems to be gaining strength. A senior doctor at the National Institute of Communicable Diseases (NICD) already has a list of areas other than the 44 Trans-Yamuna colonies that have reported cholera cases, says Dr Mira Shiva of the Voluntary Health Association of India (VHAI). Shiva points out that food products, such as supari and table salt, manufactured or packed in the cholera-affected areas are being sold freely in other areas of Delhi, a sure means of having the epidemic spread.

The health services' mis-handling of the epidemic is resulting in unnecessary, completely preventable deaths, charges Shiva. More deaths have been due to gastro-enteritis rather than cholera, says Shiva, quoting the NICD source, but the institute and other government institutions have not yet attempted to identify the pathogen that is causing the gastro-enteritis deaths. Identifying the resistance pattern of the bacteria is necessary to define the correct antibiotic to be used, as many of the epidemic victims are already resistant to broad-spectrum antibiotics, explains Shiva.

"The government is flouting each and every rule of how to manage diarrhoeal diseases," says Shiva. Cholera kills through dehydration brought on by persistent "vice-water" diarrhoea. Oral rehydration solution in conjunction with treatment with tetracycline is the definitive treatment for all diarrhoeal diseases, says a senior UNICEF doctor in Delhi. In contrast to this, the government has pressed its entire machinery into a meaningless attempt to inoculate the affected populations with cholera vaccine — the UNICEF doctor points out that vaccinations against cholera do not provide any protection when an epidemic is already on. Shiva notes that the vaccine takes between two and six weeks to provide immunity and that at the best of times the vaccine only provides 40 per cent protection against contracting cholera.

In addition to being a wasteful exercise, cholera vaccination at this point leads to more health complications, say medical experts in the capital. Medical handbooks such as the well-known *Where There Is No Doctor* (published by VHAI), warn that vaccinations given in rainy weather many result in an outbreak of poliomyelitis in populations that have not been inoculated against that disease. Shiva confirms this, but was unsure whether the east Delhi populace would have already been vaccinated against polio. According to Reverend Frederick D'Souza of the Sundernagri (Nand Nagri Extension) Development Project, children in his area have been inoculated against polio under his organisation's public health programme, but it is unlikely that this has been done in the other east Delhi colonies. (One authority who disagrees that cholera vaccine is ineffective during epidemics and that a polio outbreak may result is Dr S.C. Pal, director of the National Institute of Cholera and Enteric Diseases, Calcutta. The cholera vaccine currently used in India provides some immunity and within a week, can modify results in an epidemic situation by nearly 50 per cent, and is unlikely to lead to a polio outbreak, according to Dr Pal.)

The government has been indicted on several other points in its handling of the Delhi epidemic. Activists charge that cholera cases had been reported to the Delhi administration in end-June in Narela village and in west Delhi's Janakpuri colony by the first week of July. "It is not true that the Trans – Yamuna cases were the first," says Purabi Pande of the Delhi chapter of VHAI. "If preventive measures had been taken in response to the west Delhi deaths of twelve children, we would not have been in an epidemic situation only a week later," she says.

Equally serious, the government has blatantly used every medical technicality to discount the seriousness of the cholera epidemic. "They keep calling everything gastro-enteritis," says Shiva. Data issued on cholera versus gastro-enteritis cases — and especially deaths — is meaningless. The UNICEF doctor quoted earlier agrees, "Cholera is a cause of illness and death. Gastro-enteritis is nothing but a statement of symptoms, not of cause." Moreover, it is widely agreed that the paucity of culture facilities in Delhi's hospitals, the overwhelming number of victims, and testing of stools taken only from seriously ill patients have led to unreliable estimates of the magnitude of the epidemic cholera.

Another charge made by Shiva is that the electrolytic mixture of essential salts for oral rehydration therapy had to be imported from Switzerland through UN-

There is no medical solution — you have to get rid of the garbage and sewage

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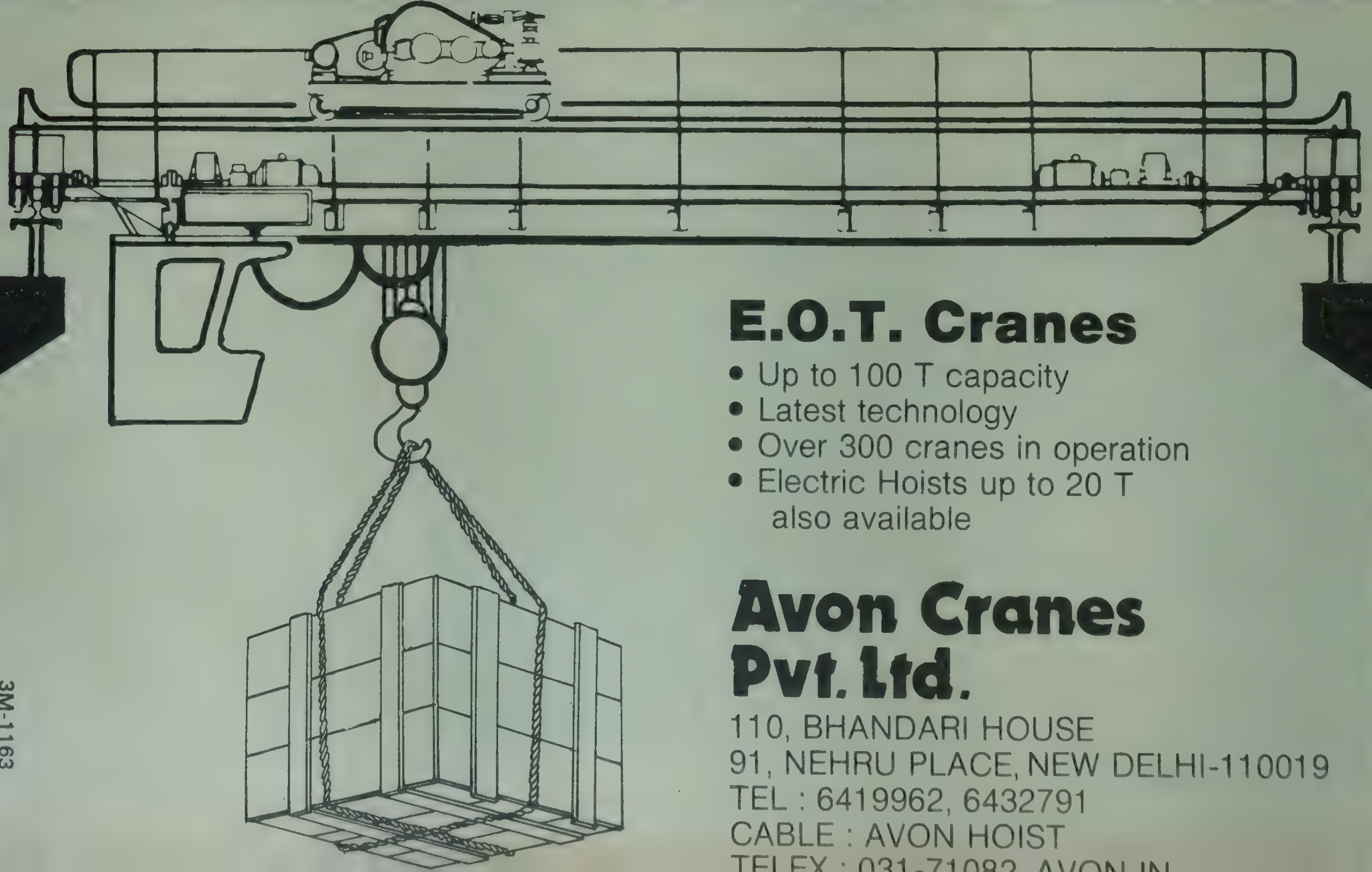

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To add to this charge-sheet against the government, it is increasingly apparent that its claims of sinking numerous deep tube-wells, spending over Rs.4 crores on garbage removal, deploying a fleet of water tankers and so on, are far removed from actuality. No deep tube wells have been sunk in Nand Nagri Extension (population 40,000), according to D'Souza, whose voluntary organisation has worked in the area since 1981. In addition, he says, "The administration's time-bound clean-up drive has only resulted in some garbage being removed from the main roads, nothing from the alleys." A visit to the Nand Nagri area showed that main roads were being brick-paved and contiguous sewers cleaned, but nothing had been touched in outlying areas. And asks Shiva, "Where are the 400 tanks to transport water? They should be whizzing in and out. Perhaps we should have someone sit and count them."

All these charges are met by central government and Delhi administration officials with an impenetrable silence. There is simply no response to any question of the "Is this correct?" variety. *Business India* was refused interviews by Vineeta Rai, secretary (health), in the Delhi administration, and by H.L. Kapur, till recently Lieutenant Governor of Delhi. Queries by the press are deflected by those in charge to the hapless government press corps.

Delhi, unused to epidemics that systematically ravage less pampered parts of India, seems to be in no shape to handle the situation, thanks largely to compounded oversights by its administration. The epidemic has already taken a vast toll: 201 deaths, 4,526 hospitalisations, and 15,894 cases of cholera and gastro-enteritis, as on 30 July. Control of the epidemic is unlikely. More likely, say health workers in Delhi, are epidemics of typhoid and jaundice, both of which have longer incubation periods than the cholera bacteria. The capital is in for a long spell of sickness.

■ SIDDHARTH DUBE

Here to stay

"The only difference in this case is that the gastro-enteritis and cholera epidemic has taken place in New Delhi. One to one and a half million people die of gastro-enteritis in this country every year, and everyone has just woken up to this because this time it's in the capital," points out an angry UNICEF doctor, known for his work on diarrhoeal diseases.

Dr Mira Shiva of the Voluntary Health Association of India emphasises that cholera is a public health problem. "Cholera does not have a medical solution. You have to get rid of the garbage and sewage. No amount of vaccine or oral rehydration solution will get rid of cholera."

Cholera is endemic to India, with sporadic epidemic outbreaks. According to Dr S.C. Pal, director of the National Institute for Cholera and Enteric Diseases, Calcutta, a reliable estimate is impossible of cholera cases occurring in India because of inadequate testing and reporting from local and metropolitan health authorities. Pal, explains, however, that the current strain of cholera in India, known as Eltor cholera, is less virulent than the "classical" cholera that ravaged India till the mid-sixties. The Eltor strain replaced the classical strain for no fathomable reason, says Pal.

Epidemic forecasting of cholera — why it breaks out in intensity at a particular time or in a particular year — is especially weak compared to other communicable diseases, says Pal. For instance, the cholera season changed inexplicably in Calcutta during the 1965-1976 period, from summer to the retreating monsoon months, but in Delhi the summer months remain the peak time for cholera. Pal, who studied Delhi's cholera pattern at the National Institute of Communicable Diseases between 1965 and 1973, reports that 300 to 400 cases of cholera are confirmed each year in Delhi. This year, however over 800 cases have been confirmed in the capital. Pal agrees that this is under-reporting because of scanty testing of faeces.

Steps to prevent cholera and other gastro-enteritis epidemics are mostly "impractical", admits Pal. In lieu of enforcing essential public health steps such as good sanitation and assured water supply, Indian health authorities continue to rely on vaccinations and last ditch measures to prevent deaths. Until this orientation is changed, cholera, typhoid, polio, jaundice, and a host of other dangerous diseases are here to stay with us.

East Delhi: more death and disease in store

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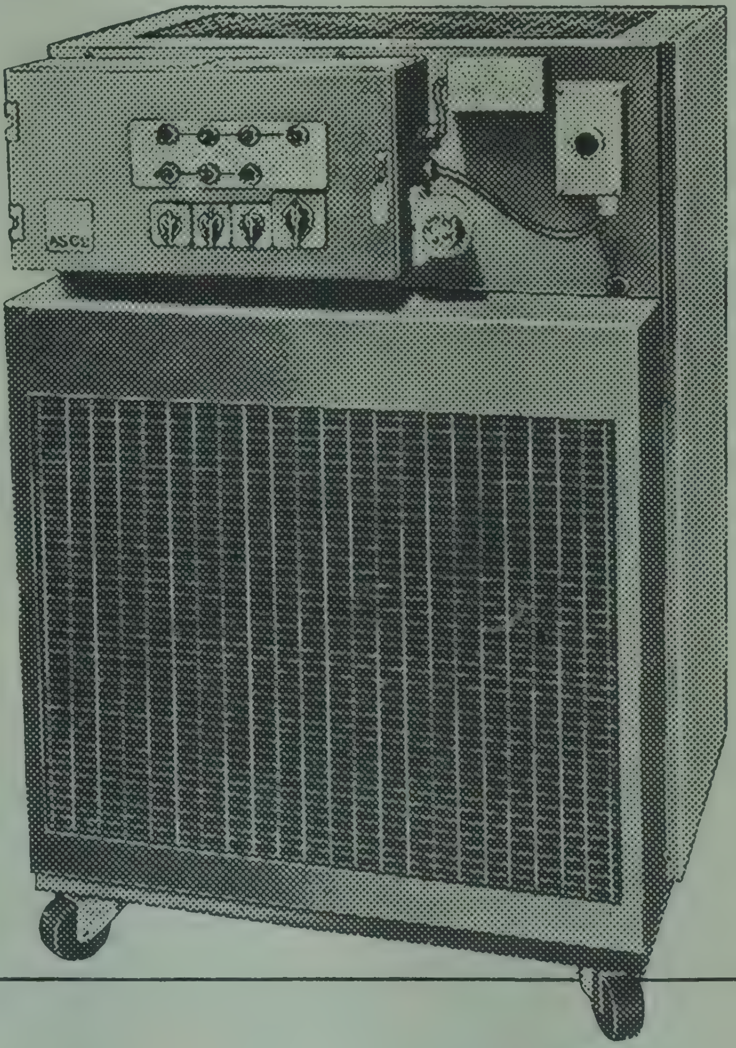

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PUNE UNIVERSITY

Lever endowment falls through

On the lush green 185-acre campus of Pune University the mood of many postgraduate research students is distinctly black. They have just lost a huge Hindustan Lever corporate endowment which in the long run would have been worth more than Rs.5 crores, probably the largest ever made by an Indian company to an educational institution. Worried that its image was being tarnished rather than given a boost, Lever has withdrawn its proposal to set up a state-of-the-art biotechnology research centre at the university. Among other things, the publicity-sensitive multinational was accused of trying to grab university land.

Despite pleas by the university vice-chancellor, V.G. Bhide, letters from many Pune residents, and requests from renowned scientists like Jayant Narlikar, Lever's chairman, A.S. Ganguly, has decided to junk the project.

Pune University's loss might be some other institution's gain. Current indications are that once the heat of the controversy dies down, Lever might respond to some of the hundreds of requests from other colleges and universities that have been pouring into its offices offering facilities to set up the centre at their respective campuses.

Says Sohan Modak, a professor of zoology at Pune University who was closely involved with the project and who resigned as the head of the university's biotechnology training programme after Lever's decision, "It is a big blow to the budding relationship between universities and the industry in the country. This must be the only occasion where an educational institution lost such a huge endowment because of sheer negligence and lack of interest. I hold the vice-chancellor directly responsible for this loss to Pune University."

Modak's exasperation stems from the fact that Lever's decision to back out has virtually put an end to his ambitious plans of turning Pune University into one of the biggest bio-technology research centres in the country. The university was one of five selected by the Union government's Department of Biotechnology for the postgraduate training programme in 1985. The Rs.1.5-crore programme is to run for five years, at the end of which the funding is supposed to be taken over by the state government. Even judging by the amount of work that is being done now, the programme would require the state government to pump in at least Rs.12 lakhs annually, starting 1991, to maintain the tempo of research. But as per prevailing rules the government can't provide more than Rs.3.5 lakhs. Says Modak, "I was hoping that Lever's funding would take us through to the year 2000 without much of a problem. But going by what has happened now, the programme will slow down to a whisper once Union government funding runs out."

Though Lever's own 250-scientist research centre at Andheri is considered one of the best belonging to a Unilever subsidiary, and boasts a 25-man biotechnology department, the Pune University project would have been one of the most prestigious the company has undertaken outside the sphere of business activity.

The Hindustan Lever Research Foundation (HLRF) which was to fund the project has been for years providing scholarships to scientists and students to do research in India and abroad in a variety of disciplines. "But then a thought occurred to us," says a Lever spokesman, "Why not help set up a centre at a reputed university which would attract the best talent to fundamental research. Though bio-technology is one of our business interests, we were interested in setting up a centre for excellence where scientists and students would work in an academic atmosphere unencumbered by the immediate demands of commerce and industry."

The idea was born some time in 1986

Pune University: an excellent opportunity lost

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and after a long search Pune University was selected. Apart from being reputed for academic excellence, it also had a huge campus and was close to Bombay, the company's headquarters. As per plans, Lever would have contributed around Rs.2.5 crores as initial capital; an equal amount was earmarked for recurring expenditure at a later stage.

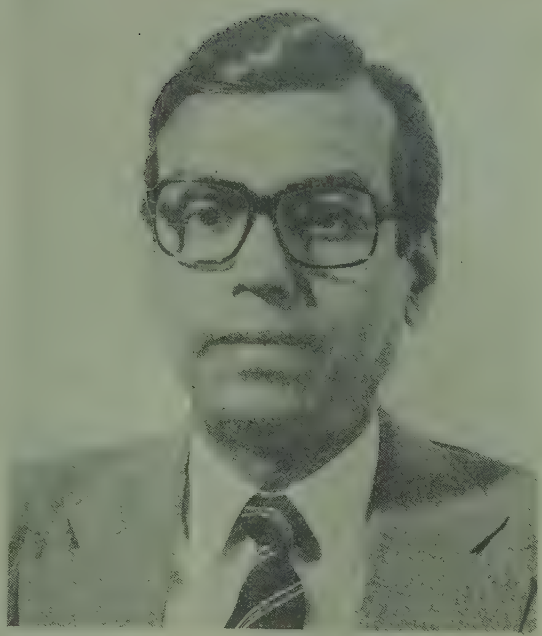
The centre was to consist of two research laboratories and an administrative block on a 2,800 square metre plot. Says Modak, who feels that his two years of work trying to attract the multinational to the university has gone down the drain, "Apart from the state-of-the-art equipment and facilities that would have been made available for research here, the more important aspect of the project was the critical mass we were planning to create in the form of leading scientists and research scholars. With the money we were promised, we were planning to win back to India some of the leading men in the field of biotechnology in the West."

The first meeting between HLRF officials and Vice-chancellor Bhide took place in November 1986 when an agreement was signed proposing the setting up of the centre in two years. It was also agreed that K.K.G. Menon, who was to shortly retire as the research director of the company, would head the centre. In January 1987, the HLRF sent a memorandum of understanding (MOU) to the university setting out the plans on paper. The vice-chancellor in turn suggested a few changes and sent it back.

A fresh MOU with the changes incorporated was sent to the university in July 1987. The vice-chancellor referred this to a selection committee consisting of five faculty members for a thorough scrutiny. They suggested further changes:

- That Vice-chancellor Bhide be designated as joint president instead of vice-president.
- That students and the teaching faculty of the university be allowed to benefit from the centre.
- That in case of a dispute or misunderstanding the Vice-Chancellor should have the final say and that his decision would be binding on both the parties involved.

Bhide met the HLRF officials with the fresh set of recommendations on 22 September and a month later a revised MOU was submitted to the university by the company. Bhide then made a suggestion that the HLRF spend the money as part of an endowment. This was to ensure that legally it was the university that would dispense funds for specific projects and that Hindustan Lever was just making a lumpsum donation. A new MOU — the third one — inclusive of this suggestion was sent back to Bhide in January this year by the HLRF.



Ganguly: not interested anymore

Among other things it made it clear that though financially and administratively the centre would be autonomous, it would function under the administrative control of the governing council in conformity with the rules of Pune University. About the crucial ownership issue, it stated that the legal title of the land being made available by the university would continue to rest with the university and that if shifted to another place "the building and other infrastructure would revert to the university". Ganguly and Menon even signed this MOU presuming it was the final draft.

But that was not to be. Bhide put the proposal before the University Managing Council for its formal approval. And this is where the HLRF and Ganguly seem to have first lost their cool. A fresh list of suggestions was made by the council. One was that Hindustan Lever would "make some donations to the university which shall be utilised for improving the quality of life on the campus". Specifically, according to a Hindustan Lever spokesman, this meant that the company was to construct a cafeteria and swimming pool on the campus. Then in what seemed like a well-planned move by some detractors of the project, on 30 April, the day Bhide was to put up the new proposal before Ganguly, the Times of India, Bombay, carried a story under the headline "Fears over varsity land occupation" which implied that the company wanted to grab university land.

"Most of the faculty members," the report stated, were afraid that "the present picturesque university campus would be converted into a jungle of concrete and that the plant species judiciously selected by the then British rulers would disappear if the university continued to give away chunks of land to private companies for their research wings and to government departments for their administrative buildings". It also said that a section of the faculty felt that problems would arise if staffers were paid Lever's grade. According to another report, faculty members apparently felt that "an island of affluence" would gravely disturb the harmony that existed on the campus.

For Ganguly this was the last straw. Says a Lever spokesman, "Not only were we being treated like a milch cow that could be milked at will, our image was also being run into the ground on the other side." On 2 June, Ganguly replied to Bhide's new proposals saying that Hindustan Lever had "decided to withdraw from this project and that we are no more interested in pursuing the proposal".

Bhide blames the Times of India report for Hindustan Lever's change of mind. But faculty members like Modak hold Bhide responsible saying that it was his inaction and lack of clear-cut policy that led the university to such a pass.

Despite Hindustan Lever's categorical statement that it is not interested in the project anymore, Bhide expressed hope at a press conference that Lever would reconsider its decision. "We are still negotiating," he told *Business India*. A Lever spokesman denied this and said that "as far as we are concerned the matter is closed once for all".

"Pune University's credibility has been lost," says Modak in conclusion. "What I am worried about is that the students have lost an excellent opportunity to do good research and that other companies like Alpha Laval and United Breweries with whom we are negotiating to finance some of the smaller projects might also back out as a result of this. It is a blow to the industry-university relationship in the country."

■ N. RADHAKRISHNAN

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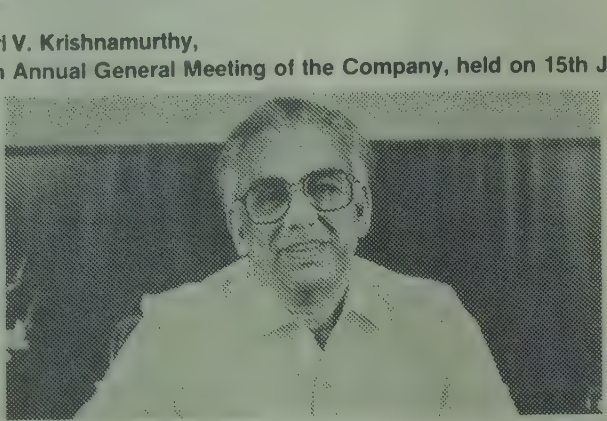
MARUTI UDYOG LIMITED

Speech delivered by Shri V. Krishnamurthy,
Chairman at the Seventh Annual General Meeting of the Company, held on 15th July, 1988.



Maruti Udyog recorded another year of sustained growth in all areas of operations during 1987-88. Production volume was raised to 92,630 vehicles, 15% up from last year. A turnover of Rs. 7,665 million was achieved which is 22% more than the previous year. The net profit before tax was Rs. 264 million, more than 2.5 times the profit achieved in 1986-87.

THE GROWING MARUTI FAMILY:

Steady progress was made in our Vendor Development Programme as a result of which the indigenisation of the Maruti 800 car was raised to almost 80% by the end of the year. During the year the various Joint Venture units made rapid progress contributing significantly to the indigenisation level. Two Joint Venture units, M/s. Machino Plastics and M/s. Sona Steering Systems commenced production during the year. M/s. Bharat Seats and M/s. Asahi India Safety Glass, who had started production last year, made rapid progress in achieving their indigenisation and production targets.

The Company also installed and commissioned facilities for production of the car muffler and a number of pressed metal parts, raising the in-house content of manufacturing to about 23%.

A number of new dealerships and MASSs (Maruti Authorised Service Stations) were set up during the year. There are a total of 63 dealerships which are now operating throughout the country. Total number of MASSs was raised from 112 to 218 during the year. There has been a marked improvement in the availability of spare parts and servicing facilities as a result of the strengthening of our spares distribution system, and setting up of large number of service outlets. With their help we are able to provide after sales service for a population of over 250,000 Maruti vehicles which are now plying on the Indian roads and whose number is increasing rapidly, at the rate of almost 9,000 vehicles per month.

During the year, the Maruti Van was given a distinct identity of its own as a more spacious car, and named Omni. The Gypsy won new laurels in the Himalayan Rally as a tough and reliable vehicle. The demand for all the models continued to be buoyant. It is a matter of great pride and satisfaction for the Company that our products continue to receive such an enthusiastic response from our esteemed customers.

Our performance owes a great deal to the continued support we have received from the entire Maruti family. We could achieve the production level we have achieved only with their help. Many of our vendors undertook to expand their facilities and modernise their processes and technology to meet our quality and volume requirements. In fact, if more vendors had done so and met the targets given to them at the beginning of the year, we could have achieved a much higher production level. We are making all efforts to help raise the quality and productivity levels of these vendors through our own production engineering and quality assurance experts visiting them regularly, along with our vendor development teams. As a result of the indigenisation achieved, cost of production has been reduced and this has helped in overcoming, to a large extent, the rise in the cost of imported raw materials and components owing to steep appreciation of the Japanese yen and to some extent of the US dollar. As in the past, we received the full support of Suzuki Motor Company, Japan, our collaborator, in meeting our targets. Suzuki Motor Company have reaffirmed their confidence in the Company by offering to raise their equity stake in Maruti Udyog from 26 per cent to 40 per cent.

MEMORANDUM OF UNDERSTANDING:

Our relationship with the Government of India entered a new phase with the signing of the Memorandum of Understanding (MOU). The MOU is part of a new equation which the Government is trying to forge with the Public Sector Companies in India and we welcome this development. We view it as an expression of faith in our management and welcome the greater flexibility and freedom in running our affairs which the MOU has given us.

The MOU has set out broadly the directions we propose to take. We envisage a steady growth of the domestic market, and propose to meet it with planned growth in our production capacity. We plan to add to our product range with the launch of a larger 1000 cc car incorporating various improved features. The Project proposal for this car has recently received Government approval. In addition, we have identified component manufacture as a high growth area for the Company. Growth of the component industry is necessary not only because of the requirement of the domestic automobile manufacturing industry but also because of its high potential for exports. Component manufacturing and exports should be the major thrust areas for the Company in the future.

QUALITY IS THE KEY:

Indian Industry, today, is standing at the threshold of a major techno-economic upheaval. Government at the highest level is committed to modernisation and technology upgradation. In fact, Maruti itself is an outcome of such a thrust given by the Government to the Auto Industry. And, perhaps, because of this, Maruti has come to be associated with modernisation of the Indian Industry.

In a developing economy, there is generally not much pressure of competition because demand for goods always tends to outstrip supply. This results in a certain relaxation in the quality standards. Not only does the customer suffer because of this, but this also creates an attitude of slackness in the operations of a Company. It blunts the keen edge of organisational capability. People are not expected or required to give their best. Technical resources are underutilised. A certain amount of lethargy comes into the organisation with the result that the Company's operations tend to fall into a rut and performance becomes lacklustre. I firmly believe that producing quality goods and giving quality service to its customers is a pre-requisite for the healthy growth of the Company, even in a non-competitive market situation.

QUALITY—A DEFINITIO

People often ask if quality ca be defined. To me, quality is a inner resolve to do one's job, n matter how routine and rule-bound it may seem, and do it better each succeeding day. This means not just doing mor of the same thing in a shorter time, but rather to impart to each element of a job an intangible aura, a perfection, s that anyone who sees it would know at a glance that this job was done by someone who cares about his work. Every piece of our work should glow with the inner illumination that is the result of a labour of love

Quality is the sum total of a large number of activities whic go into the making of products and services. Quality has to be built into each and every step the effort. In a technical sense, quality depends upon the product design, manufacturing processes, plant and equipme skills of the workers, testing procedures, adoption of SQC techniques etc. In Maruti, we have been able to take care of these infrastructural aspects of quality. Maruti products have been designed to meet international standards of performance. Our technology incorporates the essence of th many years of experience of o collaborator Suzuki Motor Company, Japan in producing quality goods. Plant and equipment and manufacturing methods have been selected a per the advice of our collaborator. Many of our workers and supervisors have been trained in Japan at our collaborator's works. Suzuki experts have guided and traine our workers and supervisors during the production start-up phase till the quality had stabilised. We buy our raw materials and components to Suzuki specifications. Each element of the work in the factory has been planned in great detail. Every process has been designed so that the wor is completed to the design specifications while ensuring the maximum convenience an minimum fatigue to the worke Quality inspection procedures and equipment have been provided at various stages of the production process. Qualit

(This does not purport to be a record of the proceedings of the Annual General Meeting.)

control standards and methods covering almost every aspect of the product and process quality have been instituted. Thus, purely on technical grounds, we are quite contemporary in our quality.

With the help of our collaborators we have continually tried to further improve our techniques of ensuring quality products. This year, for instance, we launched a Quality Audit System where every day half-a-dozen vehicles are randomly picked up from the line and stripped down in the search for any defects. Any defects found are then traced back to identify their causes and corrective steps initiated to prevent their recurrence.

QUALITY IS CREATED BY MEN:

Quality cannot be realised fully through technological means only. Ultimately, it is the man behind each operation who determines the quality. With the best equipment and technique, he may not deliver the best quality; as also he may deliver very high quality even though not equipped with the best facilities. A lot depends upon what is his perception of quality. Does he appreciate what the quality of his work will mean to the end customer? What will it mean to the growth and prosperity of his Company, and his own self? What does it mean to him in terms of his professional self-actualisation? Does he realise that the final quality is an expression of the disciplined practice of his profession, which makes him contribute not only to his fellow workers and his Company but also to the society at large?

I believe that quality is to industry what morality is to society. No company, industry of nation can remain healthy unless its people work diligently, and continuously strive to improve the quality of their individual and collective works. There is a word in the Japanese language KAIZEN which means *to change for better.* I believe it is this spirit of KAIZEN which is driving the Japanese workers, supervisors, engineers and businessmen to great heights of achievement through quality. It is this spirit which is manifested in their 'Quality Circle' movement which has made 'Made in Japan' synonymous with high quality goods.

QUALITY IS OUR MISSION:

How do we harness this spirit in our own operations? First and foremost, as one Maruti Family we must decide that we are not in the business of producing automobiles. We are in the business of producing *quality* automobiles. We must be committed to giving to our customers the best quality products and services and keep trying to improve upon the best year after year. Each member of our family—be it a worker, supervisor or salesman, an engineer or a manager; from Maruti, our vendors or our dealers—must commit himself to quality.

RESPONSIBILITY OF EACH INDIVIDUAL:

Quality, as I have said, is an inner driving force, a way of life. As such, only a person himself can truly bring quality to the surface of his being, to be manifested in all his activities. Each person owes it to himself or herself to achieve the best that he can because that is the only way to realise one's true self.

Quality in work presupposes quality in the person performing it. One can give of one's best only if one is at one's best. To that extent, it is each individual's responsibility to ensure that he is at the peak of his powers, physically and mentally. Sluggishness in spirit or body can easily jeopardise the efforts of the best intentioned person. Quality work would require the best concentration of the individual for extended periods of time, which would place great strain on the individual's mental and physical stamina unless he is quite fit.

To do our work well, all of us must understand our own area of work clearly, learn as much about it as possible, think deeply about various techniques and skills involved and then work diligently to achieve the standards set for us. In fact, as each one of us produces better and better work with each succeeding day, we should be able to, of our own accord, reset our own standards of performance at a higher level.

Collectively, we must develop a warm rapport with our colleagues and supervisors and continuously explore ways and means of doing our jobs better by discussing our own ideas with them. We must consciously strive to help each other attain our individual and collective bests. We must care for each other and for ourselves, because only people who feel good about themselves can really produce good work. As far as possible, then, it is each individual's responsibility to ensure that all his colleagues feel good about themselves.

Another important aspect for building quality into our lives is our openness to feedback. In fact, we should actively seek feedback on all our work. Feedback can come from our colleagues, our juniors, our superiors, our customers as well as the public at large. We must be receptive to the feedback however harsh or bitter it may sound; analyse it, collect more data if required and take corrective action. In fact, active listening to complaints as well as suggestions can go a long way in improving the quality of our work. At the same time, when giving feedback, we should remember to be honest and impartial. Also we should steer clear of the trap of criticising a person when what needs to be addressed is really the quality of his work. Constructive criticism would let a person know where his work is lacking and help him to attain higher levels of performance, while keeping the mutual regard for each other intact.

CREATING A QUALITY CULTURE:

The company on its part must provide the right environment which is conducive and motivating for attainment of quality. This is the responsibility of the top and middle management. The quality of products and services offered by any enterprise, is a true measure of the quality of leadership of the enterprise. Managers at all levels must make it their mission to exhort their men to strive for higher and higher levels of quality. They must educate their men in how to achieve quality, motivate them to follow the instructions in true spirit, check their work, analyse their performance and give them guidance on how to improve. Even more important, they must set an example to their men through their own commitment and dedication to quality. It is amazing how much men learn from their leaders intutively, by observing their way of working and their value system. It is for this reason that we had attempted to inculcate a work culture based on a system of shared values in Maruti right from the beginning.We must be ever watchful in not letting this slacken over time. A very tight control must be exercised at all levels by the managers to ensure that our emphasis on equality, dignity of labour and commitment to quality, productivity and cost control is constantly renewed and further strengthened in all our working.

QUALITY IS ALL PERVASIVE:

The spirit of quality can be best inculcated and nurtured by making it all pervasive in whatever we are doing. Quality is quite inextricably linked with efficiency, optimum resource utilisation and cost control. If we constantly endeavour to reduce the consumption of resources in our work, be it money, machinery, manpower, space or time, we are most likely to improve the quality of our work. At each step, therefore, we should check whether we are planning and utilising our resources to their best efficiency. Similarly, we must be deeply conscious that whatever we may be doing, however major or minor our actions may be, they will surely have an impact on the overall quality of our products and services. Every piece of work whether directly or indirectly related to the end product has an impact on the overall quality. If our floors are not well swept, it is almost certain that the quallity of our vehicles will suffer. In fact, we need to pay even more attention to quality in 'small' actions rather than in 'big' ones. Many a time we are quite careful about the quality of big things but tend to be negligent in case of small things. We are able to manufacture good quality machines, but their control knobs or other accessory items tend to lag behind in quality. We produce good quality hardware but we are not able to package it well, resulting in poor aesthetics as well as transit damages.

Another related issue is consistency or uniformity in quality. Performance, reliability and appearance of our products vary from piece to piece. It is a common request from a customer in India 'please get me a good piece'. Why? Why can't all our 'pieces' be consistently and uniformly good? Again, I think the answer lies in paying attention to the quality of little things or actions which make up the final quality. It is only the small defects which make some pieces not so good in quality.

Fundamentally, all our products and services are made up of millions of little actions which are being taken by thousands of our people. If each of these actions is taken according to a pre-specified standard and if each person taking the action brings to it a loving care and intensity of his knowledge and skill in a disciplined manner, quality will be assured.

QUALITY IS OUR CONTRIBUTION TO SOCIETY:

Finally, I would like to stress that quality is really in our minds. If we wish to tap quality it is our minds that we must address. We must instill in ourselves a deep regard for our Company, a pride in our work and an inner desire to contribute to the well being of our Company and the Society to which we belong, through the quality of our work.

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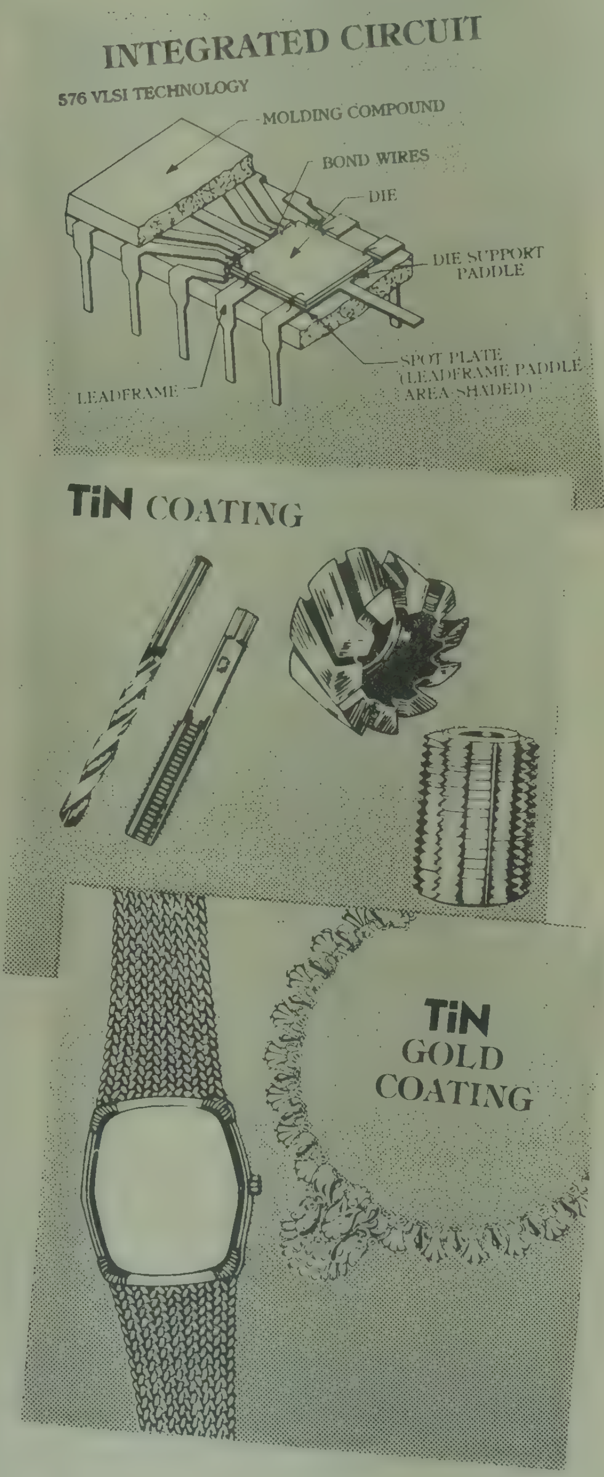
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Making the FCNR scheme more attractive

The difficult balance of payments situation and the pressure on foreign exchange reserves in recent months have prompted the Reserve Bank of India to be more innovative in trying to attract funds from non-resident Indians.

Under the foreign currency (non-resident) (FCNR) accounts scheme currently in operation, Indians and persons of Indian origin resident abroad are permitted to place their deposits with banks in India in US dollars and pounds sterling. These accounts are free from foreign exchange fluctuation and enjoy full repatriation and tax benefits.

Now, from 1 August 1988 the scheme has been extended to two more foreign currencies, the deutschmark and the yen. A major innovation is that the currencies will have different interest rates. This should have a significant impact as it makes the FCNR scheme even more attractive.

Says V. Shankar, vice-president, head-corporate banking, Bank of America, "Hitherto the rush was in US dollars because the interest rate differential between domestic (US) and FCNR rates made it attractive, but there were very few takers for sterling because the domestic (UK) rates were higher than those quoted by the FCNR schemes." Now, with two new currencies added, investors can invest in the currency of their choice (whose value, they feel, will appreciate).

"We at Citibank are particularly enthused by this new RBI initiative because there will be a very good response for yen deposits from our Middle East clients who are trading with Japan and therefore keep their investments in yen," says Samit Ghosh, vice-president, non-resident Indian business group, Citibank.

FCNR interest rate % annum

	£	$	DM	Yen
6 months and above but less than 1 year	11.25	9.00	5.75	5.25
1 year and above but less than 2 years	11.50	9.50	6.00	5.50
2 years and above but less than 3 years	11.75	9.75	6.25	5.75
3 years only	11.75	10.00	6.50	5.75

The FCNR scheme was launched in February 1970 but really took off only about five years ago when significant tax concessions relating to wealth tax and estate duty (which existed then) were announced. Since then the scheme has grown in popularity and total outstanding balances with the banks have grown from a mere Rs.152 crores in 1981 to Rs.3,511 crores in 1987, and are expected to cross Rs.5,000 crores in the current year.

The NRI community has vast investible surpluses (some estimates put them at US$ 100 billion) of which only a small portion has yet been tapped.

State Bank of India has been active in mobilising resources from NRIs with its network of branches in the Middle East, the UK and North America.

SBI created a separate department in December 1987 specifically to attract these funds. A major marketing effort has been launched in the US. The bank is holding seminars, conferences, and audio-visual programmes that highlight the benefits of investing in India. The response, according to SBI officials, is very good and receipts have increased by about 32 per cent in the first six months of the current year compared with the corresponding period in the previous year. The bank is in the process of setting up an NRI branch in Bombay that will co-ordinate activities and provide proper facilities.

The foreign banks are also actively seeking NRI funds. Since they cannot expand their branch network in India there is always a constraint on deposit mobilisation. To get around this they are using their extensive branch network overseas to canvass for NRI funds. According to Shankar, there will be a rush for NRI deposits in deutschmarks and yen because the interest rates for these currencies are low and therefore the margins on deposits in India will be much higher than those in sterling and dollar. However, the thrust will remain on dollar deposits because of the greater potential of NRIs in North America.

Citibank has in some branches posted an officer to deal exclusively with NRIs. "We have 16 locations outside India that are active in this business. We consider NRIs as a major source of deposits. And therefore we not only hold seminars in different parts of the world but also advertise in local media including the television and radio," says Ghosh.

Citibank has been quite successful in its endeavours and at the end of June had Rs.459 crores outstanding from NRIs as against Rs.350 crores in December 1987. About 80 per cent of this amount is in the FCNR scheme. The largest inflow to Citibank is from the Middle East (about US$ 12 million a month) but the US is the fastest growing source (US $ 10 million a month).

The country's foreign exchange reserves have been steadily diminishing. On 8 July, foreign currency assets stood at Rs.5,269 crores, a decline of about Rs.1,627 crores in nine weeks. The decline has been evident since April. For instance, in April there was a decline of about Rs.263 crores followed by Rs.584 crores in May and Rs.1,058 crores in June. Also, remittances from abroad have been tapering off with the slowdown in Middle East growth. The boost given to the FCNR scheme is, therefore, especially welcome. The vital importance of NRI deposits (FCNR and other schemes) can be judged from the fact that the ratio of these deposits to the country's foreign exchange reserves (excluding gold and SDRs) has grown from 0.23 in 1981 to 1.03 in 1987.

However, there is criticism from certain quarters that it would be much cheaper for the government to borrow at LIBOR rates in the Euro-dollar market. Others argue that increased borrowing will only push up the rate of interest at which the country is able to borrow.

However, the most significant aspect about FCNR deposits is that although they can, in theory, be withdrawn at any time, the fact remains that three-fourths of the money, once in, is here to stay. This has been the practical experience of bankers, who are absolutely confident that such deposits (barring a calamity) can only grow. Therefore, in the long run it is certainly prudent to borrow from NRIs at a fixed rate of interest. Banking circles hope that the FCNR scheme is made even more attractive by introducing some more currencies, like the Canadian and the Australian dollar. ■

ASPI CONTRACTOR

ROCHE

Joint venture with Soviets

The Swiss pharmaceutical group Roche has broken new ground in setting up a joint venture in the USSR to produce medical diagnostic equipment. A new company, Diaples, has been set up in Moscow to implement the venture. Roche will hold 40 per cent of the equity. Recently, another Swiss company, Sandoz, also set up a joint venture in the USSR to produce sulphur dyes.

BRITISH AEROSPACE

Reduced subsidy for Rover takeover

The £ 800 million, which the British government was planning as a cash injection into the automobile group, Rover, as a sweetener for its takeover by British Aerospace, has come under criticism from the European Commission. As a result of the commission's pressure, the subsidy is being reduced by about £ 250 million. However, as a quid pro quo, a large proportion of the Rover group's brought forward losses of £ 1.6 billion will be available for set-off against British Aerospace profits for tax. With this compromise, the takeover of Rover by British Aerospace is expected to be completed shortly.

COMBUSTION ENGINEERING

Stake in International Combustion

The US engineering group, Combustion Engineering, is buying a 35 per cent stake in International Combustion of UK. Combustion Engineering has had long term links with International Combustion through licensing arrangements going back to the 1920s.

COLECO

Bad patch for Cabbage Patch

In 1983 the Cabbage Patch dolls made by the US company Coleco were the rage of the market; toy stores experienced stampedes whenever a fresh consignment arrived. Since then, however, the Cabbage Patch fever has totally died down and Coleco has had to file for bankruptcy after reporting a $ 50 million loss in the first quarter of this year. The company is hoping for working capital injection from an investment banking company to keep it going.

MURDOCH

Clearance for stake in Pearson

The British government has decided not to refer to the Monopolies Commission the acquisition of a 20 per cent stake in the Pearson publishing group (which owns *Financial Times*) by the business magnate, Rupert Murdoch. Murdoch already controls five UK national newspapers namely, *The Times, The Sunday Times, The Sun, News of the World* and *Today*. However, the British government did not foresee that Murdoch's 20 per cent stake in Pearson would give him control of the *Financial Times*.

HEWLETT PACKARD

Counter-suit against Apple Computers

Hewlett-Packard has responded to the copyright infringement suit filed against it by Apple Computers with a counter-suit against Apple. In the original suit Apple alleged copyright infringement by Hewlett-Packard of Apple's fast-selling Mackintosh personal computers. In its counter-suit, Hewlett-Packard has accused Apple of fraud and trickery in an attempt to maintain an illegal monopoly position. Hewlett–Packard alleges that "Apple is claiming exclusive rights to overall concepts and ideas which are indispensable to the design of personal computers".

LOUIS VUITTON-MOET HENNESSY

Uneasy partnership

The merger of the French leather goods manufacturer, Louis Vuitton, with the champagne and cognac company, Moet Hennessy, has run into problems within a year of the tie-up. Henry Recamier, former head of Louis Vuitton, and Alain Chevaller, former head of Moet Hennessy, are at loggerheads over management control in the merged set-up. A compromise has now been hammered out by bringing in two new partners into LVMH. They are Bernard Arnault, chairman of Financier Agache, and the UK-based liquor group, Guinness. Guinness already has links with LVMH as a major distributor of its wines and spirits. As part of the overall restructuring, LVMH will acquire a 10 per cent stake in Guinness for 4 billion francs.

BRITISH PETROLEUM

Possible reduction in Kuwait stake

The Kuwait Central Bank governor Sheikh Salim al Sabah, has announced that the Kuwait Investment Office may consider reduction of its 22 per cent shareholding in British Petroleum. BP is the world's third largest oil company and was privatised in October 1987 when the British government sold its £ 7 billion holding in the company through a public stock offer. Unfortunately, this coincided with the worldwide stockmarket crash and a large part of the issue devolved on the underwriters. The Kuwait stake was acquired from the underwriters, but the British government has been uncomfortable with such a large foreign shareholding and has requested Kuwait to limit its holding to 20 per cent.

NISSAN

French opposition

In an effort to get around the European Community's tariff barriers, the Japanese car group Nissan has set up manufacturing facilities at Sunderland UK. However, the French government is opposing export of these cars to France on the grounds that they only have 60 per cent European components. To qualify as a European car, the French are insisting that the UK-assembled Nissans should have at least 80 per cent European components. The British government is supporting Nissan's stand and have taken up the matter with the French government.

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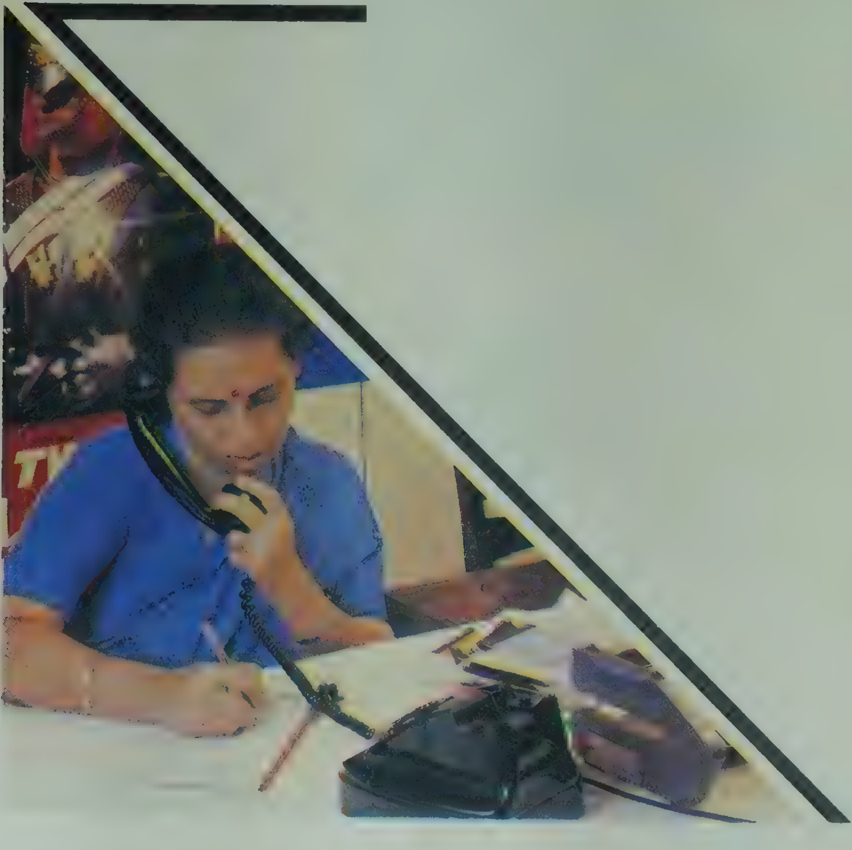
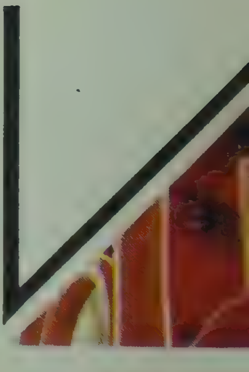
Arcadia Travels, Bombay.
"Having a good bank on your side is half the battle won," opines Mr R P Bhamaria of Arcadia Travels. "Did you know that Bombay Mercantile is the only co-op bank in the country whose guarantee is accepted by Indian Airlines?"



Chandan, Ahmedabad and Inquilab, Bombay.
Gujarat's popular weekly which sustains itself without a single advertisement and the Bombay based Inquilab Group of Publications, both rely on the financial acumen and resources of India's No. 1 co-op bank on an on-going basis.



Golden Jubilee 1939 1988

Fariyas Resort, Lonavala.
"But for Bombay Mercantile Co-operative Bank's flexible and timely finance," reveals Mr Hosi Mistry, who owns the foremost business convention centre in the Western Ghats, "I wonder if Fariyas Resort could have made its mark so swiftly."

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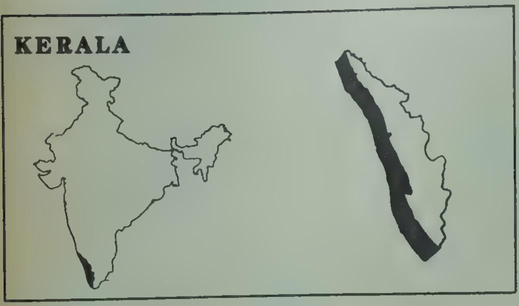

Poor performance by state sector

During the year 1986-87, Kerala got two more government companies and the state's total investment in its public sector increased by about Rs.54 crores. These are the only developments that could be called positive vis-a-vis the state's public sector. The rest of the news and figures paint an unhappy picture.

Of the 90 government companies in Kerala, 31 have accumulated losses of Rs.156.58 crores — the figure far exceeds their total paid-up capital of Rs.59.36 crores. Total long-term loans outstanding to 77 companies increased from Rs.355.49 crores in 1986 to Rs.379.08 crores in 1987. Of those companies which could finalise their accounts for 1986-87, only 11 earned profits and only 5 could declare dividends totally worth Rs.90.09 lakhs. Of the profit-makers, Keltron Magnetics made the smallest profit of Rs.1.46 lakhs. Old-timer Travancore Titanium Products made the largest profit of Rs.566.88 lakhs, thanks to the near-monopoly of its product, titanium dioxide.

These gloomy figures are contained in the recent report of the Comptroller and Auditor General (CAG) of India for 1986-87. The government of Kerala's Bureau of Public Enterprise (BPE) released a review of the state's public enterprises recently. The review covered 98 public sector undertakings, including eight statutory bodies like the Electricity Board and the Road Transport Corporation. It found that the losses incurred by 54 enterprises amounted to Rs.86.27 crores in 1986-87, up from the previous year's Rs.71 crores. Over half of Kerala's public sector companies made cash losses too.

The preceding year saw 30 companies earn profits totalling Rs.44.2 crores. But in 1986-87 this figure dropped to Rs.16.09 crores from just 27 companies. Of the profits, the chemical sector grabbed the largest share of 35 per cent with Rs.5.67 crores. This was solely due to Travancore Titanium Products' substantial increase in profits from Rs.157.3 lakhs to Rs.566.7 lakhs. Most of the other enterprises in this group have been registering cash losses for the past three years.

Next in rank is the trading sector with Rs.4.7 crores or 29 per cent of the total profits. Not surprisingly, this sector also contributed most (Rs.27.49 crores or 60 per cent) of the sales tax contribution by the public sector to the state exchequer. Both the Civil Supplies Corporation and the Industrial Products Trading Corporation (dealing mainly in the money-spinner titanium dioxide) did better this year. But the Kerala State Beverages Corporation, which trades in liquor, made a loss of Rs.41 lakhs in 1986-87, compared to a cash profit of Rs.13 lakhs the previous year. For confirmation of what Kerala's drinkers and barflys have been mournfully declaring, the CAG notes that the loss arose from the hike by the state government of vending fees and sales tax and surcharge on liquor.

The BPE's scrutiny of the other sectors is demoralising. There was an overall decline in the financial performance of the electronics sector. Of the prestigious Keltron group, except for Keltron Magnetics, Keltron Components and Keltron Counters, all the other six units have been making cash losses from 1984-85 onwards.

In electricals, there were no live wires. Apart from a nominal cash profit by Traco Cables in 1984-85, all four companies in this group have been making cash losses for the past three years. These totalled Rs.9.50 crores in 1986-87, with the major chunk (Rs.8.36 crores) coming from Transformers and Electricals Kerala.

In the engineering sector, the best performers were Steel Industrials Kerala (profit in 1986-87: Rs.14.07 lakhs) and Kerala Agro-Machinery Corporation (profit: Rs.49.33 lakhs). One prominent back-bencher was the three-wheeler manufacturer Kerala Automobiles, with a cash loss of Rs.128.93 lakhs.

In textiles, all four state enterprises slumped in performance. This is not a new phenomenon; during the past three years, only one company, Kerala Garments, made a profit (Rs.2.4 lakhs in 1985-86).

Plantation and agro-based industries occupy an important place in Kerala's economy. Yet of the 11 companies in this group only four did well — Travancore Sugars and Chemicals, Kerala Livestock Development and Milk Marketing Board, Plantation Corporation and Rehabilitation Plantations. The loss-makers were led by the Kerala State Bamboo Corporation (Rs.26 lakhs) and Meat Products of India (Rs.23 lakhs).

Happily, there were some glimmers of hope in the traditional industries sector. Three of the five units showed improved results in 1986-87. The Coir Corporation reduced its losses from Rs.13.9 lakhs to Rs.11.3 lakhs. The Cashew Development Corporation slashed losses from Rs.83.1 lakhs to Rs.22.9 lakhs. The Handicrafts Development Corporation made a marginal profit of Rs.0.15 lakhs, compared to a loss of Rs.15.5 lakhs the previous year.

Among the eight development and infrastructural agencies which are sup-

The good ...

Company	Profit (Rs. lakhs) 1986-87	Percentage of profit to paid-up capital 1986-87
TRAVANCORE TITANIUM PRODUCTS	566.88	320.7
REHABILITATION PLANTATIONS	85.65	25.9
KERALA AGRO-MACHINERY CORP.	48.21	34.0
KELTRON COMPONENT COMPLEX	45.87	28.5
STEEL COMPLEX	43.87	19.5
KERALA STATE INDUSTRIAL TRADING CORP.	32.28	285.7
STEEL INDUSTRIALS KERALA	16.64	1.4
KERALA URBAN DEV. FINANCE CORP.	3.78	7.8
KERALA STATE INDUSTRIAL ENTERPRISES	2.48	0.1
KELTRON CRYSTALS	1.82	1.8
KELTRON MAGNETICS	1.46	5.8

Source: Comptroller & Auditor General of India

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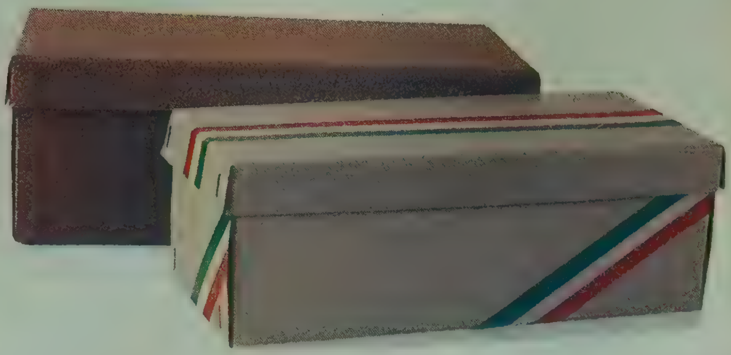

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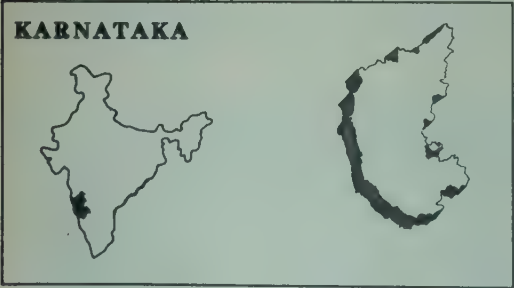
posed to oversee Kerala's industrial growth, only four fared well. Of these, the profits of the Kerala State Industrial Development Corporation declined from Rs.51.7 lakhs to Rs.34.3 lakhs in 1986-87. But the profits of Kerala Financial Corporation increased to Rs.72 lakhs.

The BPE puts the total capital invested in the public sector (ie, share capital and long-term borrowings) in 1986-87 at Rs.1,646 crores. Among the major enterprises the state government had sunk money into were the Kerala State Electricity Board (Rs.676 crores), Kerala Minerals and Metals (Rs.121 crores), Kerala Financial Corporation (Rs.100 crores), State Road Transport Corporation (Rs.80 crores), Malabar Cements (Rs.58 crores) and Keltron (Rs.55 crores). But the returns to the state government were meagre — dividends totalling only Rs.0.54 crores.

These sobering statistics should give the LDF government of Kerala much to mull over. Clearly, its ambitious talk of rejuvenating Kerala's industrial scene will attract little conviction unless it peers into its own house first. But there is little indication yet of any such soul-searching. Recently, it shunted some senior police officers into the top rungs of some government companies, belittling its own claims of professionalising public sector management. This surely is not the stuff that glorious public sector dreams are built on.

■ K.G. KUMAR



Glimmer of hope for power

It is raining in Karnataka. Coming after three years of unprecendented drought which crippled industry, agriculture and government, the rains bring a glimmer of hope to an otherwise dismal situation. Levels in Karnataka's important Linganamakki and Supa reservoirs are rising rapidly but observers are still unwilling to be optimistic. A good spell could mean a new lease of life for the sagging economy. A bad one carries implications beyond the worst predicted by pessimists.

For industry, reeling under power cuts of up to 80 per cent levied on high tension (HT) industries with a contract demand of 5,000 KVA and above, a poor monsoon would be murder. G.R. Sarma, member of the Power Review Committee had said: "Apart from increasing cuts on domestic power etc, we may have to impose 100 per cent power cuts on some industries, and perhaps even close down power-guzzlers." However, with the onset of monsoons on 17, July anxious observers have begun breathing easier. With heavy spells due between 15 July and 15 August and less intense rains expected for a month after that, indications so far are that Karnataka may, after all, survive the crisis.

Since up to 83.4 per cent of Karnataka's installed capacity in power generation is hydel-based, monsoons play a critical role in the state's economy. Over the years, unrealistic planning, coupled with the rapid growth of industry, has stretched available power resources resulting in unscheduled load shedding, drastic power cuts and hikes in power tariffs. Because Karnataka is too far from the coal belts, thermal power generation is unrealistic. Besides, various anti-nuclear lobbyists have caused a considerable delay in the setting up of the Kaiga nuclear power plant planned in Karwar in north Karnataka. In the meantime, the government has been encouraging captive power generation as an alternative source of energy for industries in the state. However, this too has been viewed as unrealistic by industrialists. Says a spokesman of the Greater Mysore Chamber of Industry, "Captive diesel power can be generated only by those who can afford it. And it still does not provide a long-term solution since it only results in further depletion of the foreign exchange reserves of the country." Interestingly, the government had announced a sales tax refund on diesel for captive power generation as an incentive. But, on account of financial constraints, of a total of Rs.8 crores due from the government to various industries, barely Rs.53 lakhs had been disbursed by end-March 1987.

Yet, over the years the state has been attempting to reduce its dependence on the monsoons by increasing power imports from neighbouring states. It has also been making determined efforts to increase thermal power generation. Last year, of a total of 29.1 million units (MU) distributed every day (against unrestricted demand of 42 MU per day), 14.9 MU came from hydel sources and 14.2 from the Raichur thermal power plant and imports from the central assistance grid and neighbouring states.

This year, despite an increase in unrestricted demand from 42 MU to 47 MU per day, the government feels that if all goes well, it may still be able to reduce power cuts considerably. But as B.G. Rudrappa, chairman of the Karnataka Electricity Board, puts it, "There are four conditions: that there is normal inflow into the two reservoirs, that the Raichur thermal plant continues to function satisfactorily, that we receive the promised 500 MW from NTPC and that the three units at Neyveli function satisfactorily." Says V. Sreenivasa Murthy, chief engineer of the Karnataka Power Corporation, "Under these conditions and with average rainfall we should be able to reduce power cuts from the present 80 per cent to 55 per cent. But with a bumper spell cuts could be reduced to as much as 20 per cent."

Today, with a total installed capacity of 2,530 MW in the state, daily generation is only 34 MU against the unrestricted demand of 47 MU per day. Existing projects include the Sharavathi Basin project (1,066 MW), Kalinadi Basin project (910 MW), three minor hydel projects (totalling 133.8 MW) and the Raichur thermal power station (420 MW).

However, with even average rainfall this year, the Karnataka Power Corporation expects to generate 17.4 MU per day from hydel sources, 7 MU per day from the Raichur thermal plant and, with an additional 12.9 MU per day from the central assistance grid, Maharashtra, and Ramagundam, it could distribute 37.3 MU per day. Despite 25 MU committed to irrigation pumpsets, the shortfall could still be lower than the previous year, reducing power cuts by 80 to 85 per cent.

Yet, if the current trend is any indication (water levels at the Linganamakki and Supa dams are already 33 per cent higher than they were during the corresponding periods in the previous year) and there is a bumper spell, increased generation and imports could raise supply to 42 MU a day, reducing power cuts to 20 per cent — a wonderful respite for industry in Karnataka.

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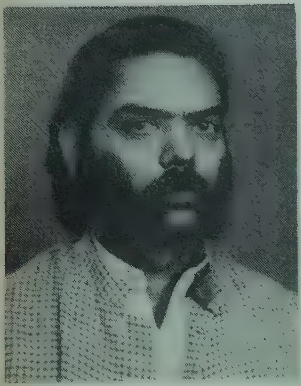
DINESH MOHAN

Let's first master simple technology!

These days we have a few magic phrases which are supposed to show us how to solve all our problems: phrases like "opening up," "competition," and "doing away with controls". But rarely does one meet people who believe in all this if it hurts them. Even more rarely does one come across policy makers who have a historical and cultural view of how and when such policies have worked well in different societies. And even more rarely does one come across businessmen who have given any serious thought to the complex processes involved in scientific progress.

It is not surprising, then, that the more we "open up" and import fancy consumer technology, the more we stay the same. The Department of Science and Technology (DST) recently had a few brands of electrical fittings and light bulbs evaluated by a testing laboratory. The results show that in spite of open competition and relative lack of controls, the most reputed firms continue to sell us shoddy products.

The internal report submitted to DST informs us that under a new scheme called "Consumer Protection Through Science and Technology" the DST has had the following products evaluated: domestic switches, three-pin plugs and socket outlets, electric bulbs, and ballasts and starters for tube lights.

Unfortunately no brand names are mentioned in the report. However, it is reliably learnt that all the bulbs tested were manufactured by reputed firms and at least half the fittings had well-known brand names.

Of the five brands of switches, plugs and sockets tested, three are said to be reputed brands but none of them passed all the tests recommended by the Bureau of Indian Standards (BIS, formerly ISI).

All the five brands of 5 amp and 15 amp plugs and sockets failed one or more of the following tests: dimensions, withdrawal pull, mechanical strength and cord grip. The 15 amp plugs have two additional requirements: plug-socket interchangeability and breaking capacity. Two brands failed these tests also.

The details of these tests are not relevant here. What really matters is that five of the common brands of plugs and sockets available in the market have failed our own prescribed standards and yet many of them are being sold as standard products. These results merely confirm our daily experience that interchangeability of plugs and sockets of different makes is often not possible, that loose contacts between plugs and sockets cause melt-downs, that plug pins and screws often come loose, and that covers break far too easily.

The report submitted to DST is constrained to admit that "the quality of Indian switches, plugs and socket outlets as highlighted by even this limited study is a matter of grave concern".

Of the five brands of bulbs tested three failed the life test, that is, they "fused" before the required number of service hours were completed.

Of the five brands of tube light starters and ballasts tested, three failed to make the grade; none of the five brands of ballasts passed all the tests.

In an era when we are expected to "solve" most of our problems with high-tech gadgets, how can we even start if we can't plug the gadget in? It is not as if we need esoteric research to produce good plugs and bulbs. It is not that we do not have a large enough market for these products. It is not even that there is a market monopoly because of which quality does not improve. Then why is it that the market tolerates these shoddy products? What explanation do the captains of industry have for marketing these inefficient goods?

These products are used by every household in India lucky enough to have a power connection. The users would certainly include children, teenagers, unstable adults, alcoholics and people under stress. All the more reason that special care should be taken to make electrical fittings safe even under unusual conditions. Since we have no system of recording injuries and deaths due to unsafe consumer products, we really do not know what havoc these products may have caused.

Public health is not the only casualty. International trade also suffers. Any visitor to Nepal will discover that Chinese electrical fittings are more popular there than Indian ones. If we cannot get people to buy our plugs and bulbs how can we convince them that our more sophisticated products work better?

Unless we make simple products well, how can we do meaningful work in science and technology? Our basic infrastructure is not supposed to be weak. So we should make greater efforts to understand our own compulsions in management and public policy which cause failures in production. Technical progress has to be built on solid foundations and a clear understanding of fundamentals. Instead of doing that, we want to fly high and work in frontier areas of research and produce superconductors and supercomputers. No use! We have to first plug away at producing first-rate simple technology.

The author is State Bank Professor for Biomedical Engineering at the Indian Institute of Technology, New Delhi.

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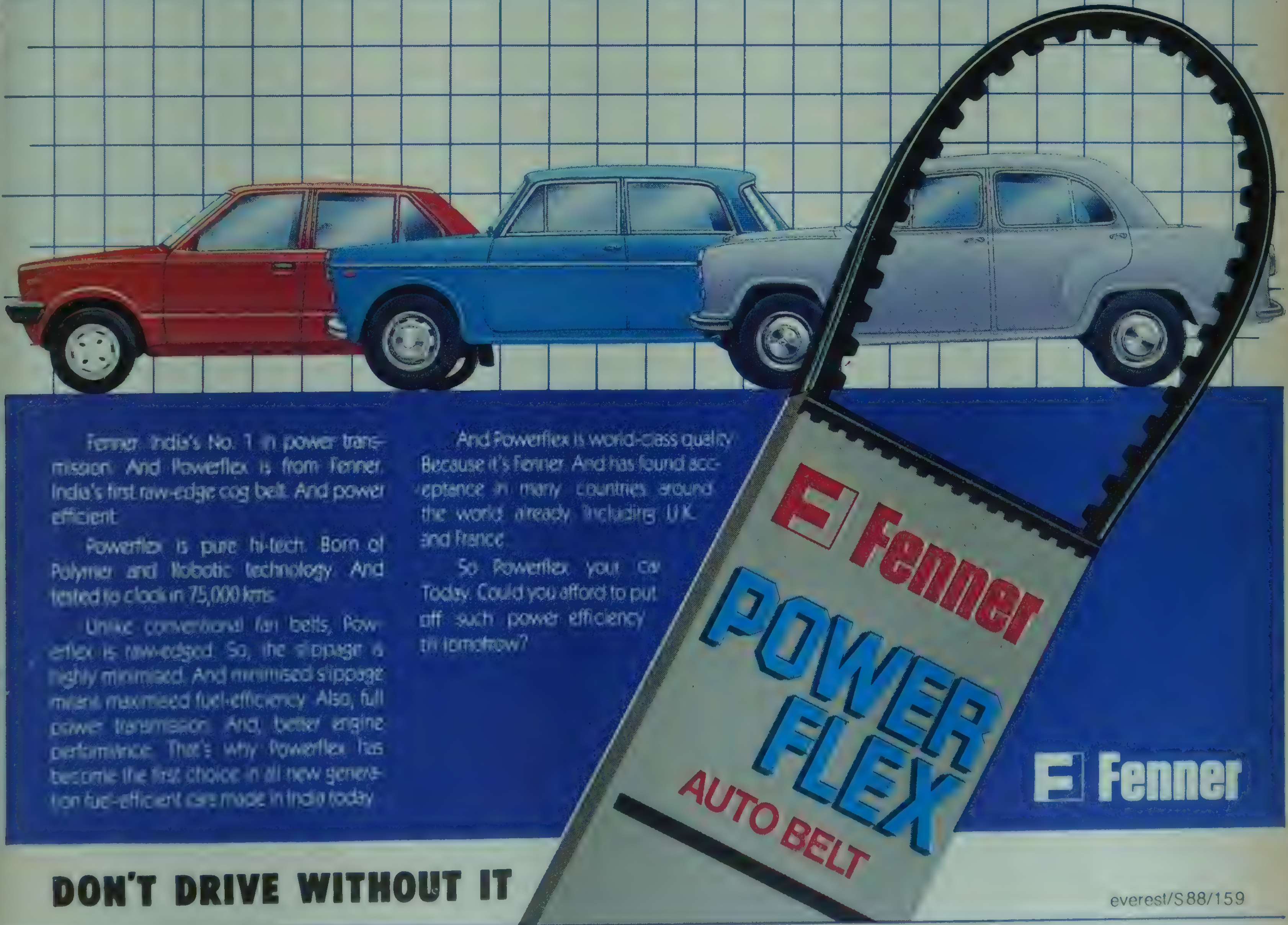

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E.A. RAMASWAMY

The author is chairman, Administrative Staff College of India, New Delhi Centre

Whose job is it?

Whose job is it to improve the behaviour and performance of permanent workers in organised industry? The average manager would unhesitatingly reply that it is the responsibility of the personnel man. The personnel function started out as a welfare job. With growing trade union power, it has blossomed into a fire-fighting one. We have good fire-fighters who know how to defuse tension without disrupting work. The problem is that the solutions which they hammer out are considered by their counterparts in other functions to be patchwork which does not attack the root of the matter.

The dissatisfaction of line managers with the personnel department is nearly universal. The common claim is that industrial relations are bad because personnel specialists have failed to do their job. Next only to the trade union, personnel is seen to be the villain of the piece. Personnel managers are perceived by their colleagues to be excessively flexible, conciliatory to the point of appeasement, and ready to purchase peace with the union. The more uncharitable would go so far as to say that the personnel manager has bent over backwards to identify himself more with the union than with management.

What really is the gripe of line managers? Their complaint is not so much against long-term settlements and their provisions. Line managers do sometimes grudge the additional benefits granted through settlements. No matter how good a settlement from the management's point of view, there would still be some managers who believe that it has been clinched by giving away undeserved benefits. But it is not the wage and benefit package which causes heartburn and divides management. The problem relates to the manner in which everyday industrial relations issues are resolved.

Broadly speaking, the more vexatious aspect of industrial relations is not the long-term settlement but routine problems which crop up day after day. If line managers were asked to identify them, we would end up with a list of issues which are trite individually, but add up to quite a pile. Their collective impact is very substantial. They strain relations on the shopfloor, lower the morale of middle managers, and seriously affect the efficiency of the organisation. My own impression is that, barring exceptions, efficient management of everyday problems is even more critical to performance than saving some money for the organisation by pushing back union demands in a wage negotiation.

What indeed are these recurrent everyday problems? I have sat through discussions by line managers in public and private sector enterprises, including multinationals reputed for highly professional management. The problems are strikingly common. Indiscipline is the most prominent of them. Workers do not report on time; loiter around after they have reported; spend far too much time in the canteen; absent themselves from the workspot under the pretext of having to go to finance, personnel or to the bank; manipulate to create situations which would necessitate overtime; shirk responsibility; shift onerous tasks to contract labour; and generally look for ways to minimise work and maximise leisure. They are neglectful of safety rules; refuse to wear uniforms although provided with uniforms, washing allowance and all the rest; and vanish in groups from the shopfloor to attend weddings and other social functions. A sense of involvement in work is absent, and the keenness to get on with the job is fading. Workers are abrasive towards superiors, sometimes to the point of physical assault. The supervisor, shift-in-charge, first line foreman or whatever else you call him has in particular been rendered completely ineffective. These are the problems that crop up repeatedly, regardless of organisation, location and industry. What might differ is the degree or scale of the problem, not its nature.

When confronted with these problems, the simple solution offered by line managers is that personnel managers should resolve them. Why else should the organisation pay a salary to these specialists in man management, they argue. Managers in production, maintenance, finance and marketing claim that their hands are already full without having to take on the complex job of managing people. What they are looking for is an efficient personnel department which would gift-wrap and deliver a conscientious and disciplined workforce so that they can get on with the job of production, maintenance or whatever.

The typical line management view was expressed in a seminar by a production manager. When asked how he saw the division of functions between himself and personnel, he replied: "My job is to take care of production. I can identify the thief in confidence, but it is a bad system which requires that the thief must be caught and punished by the man who identifies him. There must be a policeman to deal with the thief. I hope that our organisation will one day have an efficient personnel department that will take care of law and order so that people like me can attend to their jobs. In the same conference the personnel manager was asked to respond. He remarked that personnel was a service function. The department was there to help and advise line managers on ways of dealing with labour and was always at their service.

This divergence of perceptions comes out every time you take a specific issue related to the shopfloor. One persistent complaint is that work-

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ers do not clock in on time, or loiter after clocking. Some organisations simply do not have a punching system, or have one that has atrophied through disuse. Workers move in and out of the plant as they please. How should this be dealt with? The typical line manager's response is: install electronic punch clocks, as the security force to control movement in and out of the plant, and simply deduct the wages of those who come late or leave early. Theirs is a solution which throws the responsibility squarely on the personnel department.

Personnel managers would in principle not deny the need for centralised punching, although it is far from easy to introduce it midstream in a unionised plant. There have even been cases of workers sabotaging the clocks. While not blatantly against punching, the argument of personnel is that this by itself would not solve any problem. How would you ensure that workers do in fact attend to their work after punching? It is surely possible to spend eight hours in the plant, but do very little work. What good would gate control achieve if workers loiter around after punching in? The stand of personnel is that supervisors must ensure that workers stay on the job.

It is an interesting ball game, with personnel and line throwing the ball into each other's court. When they are tired of the game, they join together to throw it into the union's court. They would argue that unions must after all not have power without responsibility, and if they must have the power to bargain for benefits for their members they must also take up the responsibility to discipline them. This may sound all right in the abstract. But, does anyone seriously believe that the union leader will admonish his members to stay at their jobs eight hours a day?

More than the obstinacy of workers and their unions, it is the blinkers that managers wear which block efficient management of industrial relations. Many managers with technical qualifications do not have the stomach for the complexities of man management. The more moderate among them believe that they must pull out of a problem the moment the union steps in. They might agree to counsel individual workers but refuse to have any truck with union leaders. The more rigid see no role at all for themselves. In their view, managing people is an esoteric craft which should be left to the specialist. I know of a case where the production manager refused to even sign a charge memo. He wanted the personnel manager to do it. The file travelled up and down for three months before the general manager finally ruled that the production manager must sign.

There are many contradictions in these attitudes. The most glaring is that a manager who accepts responsibility for materials and equipment should refuse responsibility for his men. After all, it is only through them that he can achieve any results. The second contradiction is the belief that his credibility and leadership will remain intact after he has put the personnel manager in charge of his men. What would happen if the organisation found a superman for the personnel function? He would turn up at all places at all times and solve everybody's problems. Would that set matters right? Quite unlikely. The personnel manager would grow enormously in power. The union and its members would naturally think of him as the man who really matters. Because his services are so vital, he would gain easy access to the higher echelons of management which remain beyond the reach of others. Line managers who blame a lacklustre personnel man for not doing his job would not exactly be pleased if he becomes dynamic. They would then accuse him of being a self-serving climber. Either way, the personnel manager would be unpopular in a centralised system of managing people. It is a perfect Catch 22.

Personnel managers have their blinkers as well. A major cause of friction within management is that line managers are in the dark about decisions concerning their subordinates.

It may not be the personnel man who took these decisions; the chances are that higher levels of management have been involved. Nor may the decisions be as whimsical as line managers think. A management chasing production targets towards the end of the year might ignore misconduct by workmen. Disciplinary action might be dropped or other concessions given in exchange for union co-operation elsewhere. There often exist organisational compulsions behind decisions which appear a sell-out, but line managers are unable to appreciate this since they have not been consulted. The art of persuasion, so essential to the success of the personnel manager, is scarcely in evidence when he is dealing with the line managers. If he invests half the effort persuading his colleagues as he does persuading the union, the results would be different.

One of the most fundamental truths of our organisations is that power flows from efficient management of human resources, especially of unionised labour. If the personnel manager is the one who sorts out shopfloor problems he will also be the one to grow in power. It would serve no purpose for line managers to diminish their own role and then crib about being overshadowed by personnel. They owe it to themselves and to the organisation to take more interest in their workmen. In spite of all the jargon, dealing with people requires only good common sense. The personnel function, for its part, cannot flower under the deluge of sundry problems it is now burdened with. It ought to step out of its conventional role and move on to strategies and policy issues.

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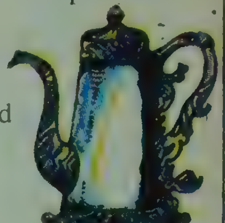

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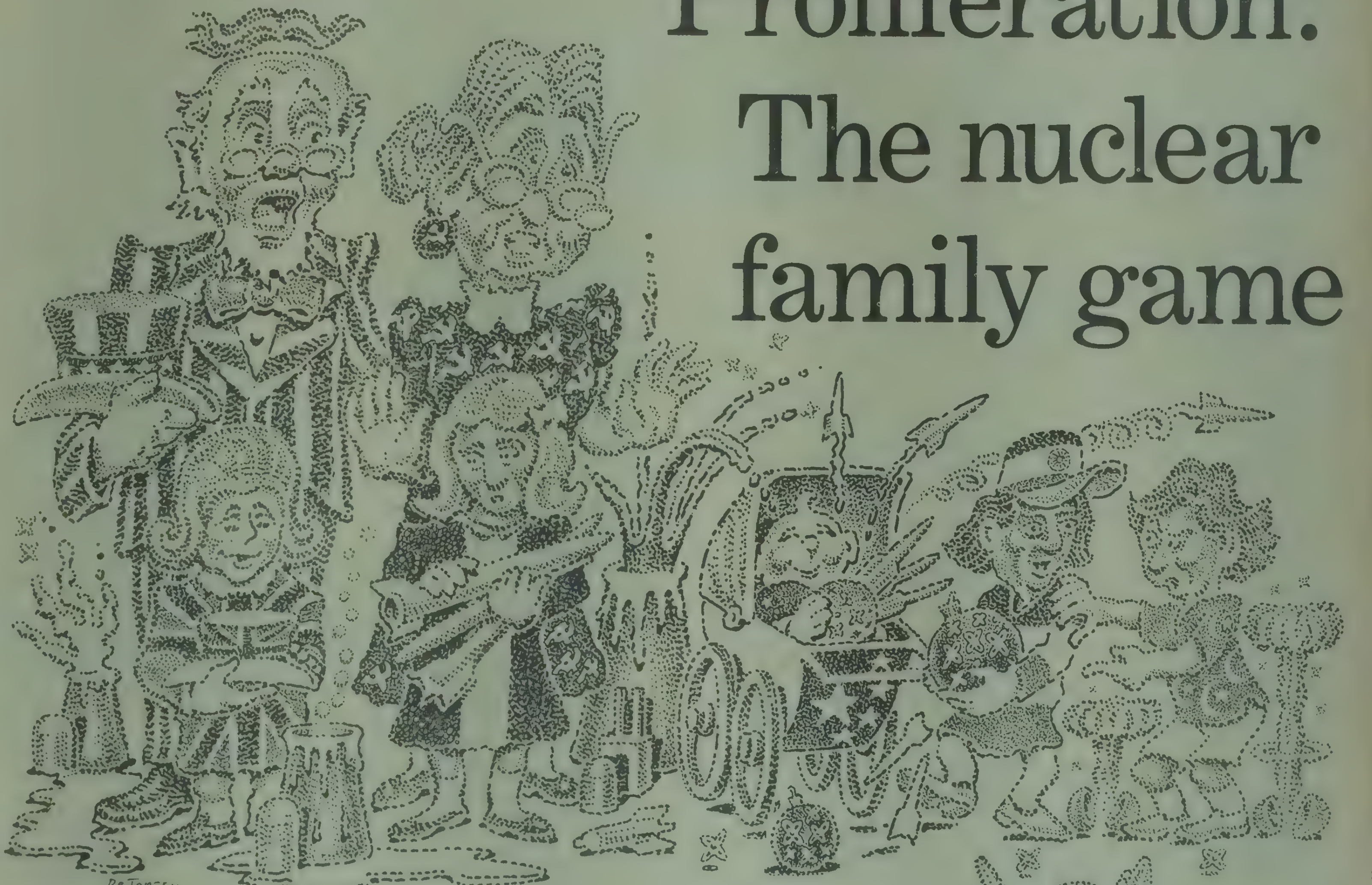
Proliferation: The nuclear family game



BY BRAHMA CHELLANEY

THE RECENT emergence of Argentina, Brazil, China, India, Israel, Pakistan and South Africa as potential members of the family of nuclear exporters has increased the threat of nuclear weapons proliferation. Forty-three years to the month after the United States exploded the first atom bomb in anger August 6, 1945, over Hiroshima, the future of the international non-proliferation effort is under a cloud.

New Delhi-based Brahma Chellaney is writing a book on nuclear proliferation.

ROGER JONES

Proliferation in the family

Continued from previous page

Since India's 1974 nuclear test explosion, the nuclear big powers, generally known as the London Suppliers Club, have progressively tightened international non-proliferation controls trying to restrict nuclear technology, equipment and material to states pursuing independent atomic programs. It is now widely acknowledged that the policy of denial has failed.

Big-power policies have helped accelerate indigenous nuclear research and development in the Third World. At least three nations, Argentina, South Africa and India, are already in a position to export commercial nuclear technology but are likely to wait until the early 1990's before bidding for a share of the global nuclear commerce. None has signed the 1970 Nuclear Non-Proliferation Treaty (NPT).

While not all experts agree that proliferation of nuclear weapons would create political instability, most concur that it would increase the dangers of nuclear terrorism. Nuclear weapons could become instruments of atomic blackmail in the hands of maverick states or extremists.

Libya and Iran, both closely identified with terrorism, already have bid for nuclear technologies from potential nuclear exporters.

US President Ronald Reagan and Soviet leader Mikhail Gorbachev have jointly expressed support for "further strengthening of International Atomic Energy Agency (IAEA) safeguards and the appropriate export controls for nuclear material." Signs have emerged that the superpowers finally may begin working together to slow the spread of nuclear weapons.

Technology denial alone will not halt proliferation. The policy of denial has prompted the major states outside the fold of the Non-Proliferation Treaty to intensify efforts to develop indigenous nuclear technologies and plutonium reprocessing and uranium enrichment facilities.

Some analysts argue that the more an unwilling non-nuclear-weapon state is pushed to give up its atomic option, the more determined it becomes to achieve technological self-sufficiency.

Family playthings: research reactors in India (top) and in Pakistan.

AP/WIDE WORLD

Argentina recently announced its decision to start exporting heavy water in a few years. Heavy water enables nuclear reactors to run on natural uranium rather than on internationally controlled enriched uranium. Heavy-water reactors are considered a proliferation risk because they facilitate the production of weapons-grade plutonium as a byproduct.

India, with its large nuclear industrial base, claims it already is in a position technically to export a reactor, despite its recent agreement "in principle" with Moscow to import two large 1,000-megawatt Soviet reactors. According to the Indian Department of Atomic Energy, several nations including Libya, Sri Lanka, Bangladesh and Malaysia have inquired about possible Indian nuclear exports.

The emerging second-tier suppliers include South Korea and Taiwan, which produce more atomic power than all the other potential nuclear exporters. The two nations have ratified the NPT and opened all their atomic facilities to international inspection. But the situation could change, analysts say.

The US administration was reported recently to have pressured Taiwan to abandon efforts to build an unsafeguarded nuclear facility. South Korea has a significant capacity to produce plutonium from its heavy water-moderated Wolson-Kun plant.

Well-documented nuclear espionage and smuggling by Israel, Pakistan and South Africa, however, have shown that the safeguards and export control regime can easily be circumvented. Nuclear trade is a multibillion-dollar business, and there would always be atomic industry officials and agents willing to take major risks to make small fortunes. This clandestine task could be made easier if political or strategic compulsions make a nuclear-supplier nation look the other way.

Another reason for the system's

failure to contain the threat of proliferation is the changing nature of activity in the nuclear threshold states. These nations are concentrating their efforts and resources, as demonstrated by Israel and Pakistan, in building dedicated weapons facilities independent of the nuclear power sector. In this they are emulating China which has a large nuclear military industry but not a single atomic power station in operation.

Pakistan's high-speed gas centrifuges at Kahuta are producing enriched uranium without its evident need for the country's fledgling nuclear power program. Israel, without an atomic power program, is believed to have built a nuclear arsenal that includes intermediate-range missiles and fusion weapons.

The emphasis on nuclear military facilities, particularly of a single enrichment or reprocessing plant, makes it possible for a nation to quickly develop weapons capability with technology and resources far more limited than would be required for a broad-based atomic program.

Third World nationalism perceives controls as discriminatory, designed to institutionalize superpower nuclear dominance. Some in the developing world view nuclear inspections as interference in national sovereignty.

Since the new group of potential nuclear exporters reject the NPT and have been at the receiving end of the suppliers' guidelines, they are unlikely to endorse the current safeguards system. Their entry into international nuclear trade is likely to trigger important changes in the non-proliferation regime.

The emergence of second-tier suppliers is also likely to promote South-South cooperation in the nuclear field. China is already providing nuclear expertise to Pakistan under a bilateral accord.

The lower cost of goods and services by the second-tier group, in comparison with those by the established suppliers, is also expected to spur South-South nuclear cooperation. For example, the cost of the 470-megawatt Narora nuclear power station nearing completion in India is estimated to be 30 to 40 percent less than the cost of an equivalent plant built in the United States.

With the NPT due to expire in 1995, the international community needs non-proliferation controls that take into account the newly emerging realities.◆

Safeguards in the nuclear family

How new members stand in the nuclear non-proliferation effort

Country	Non-Proliferation Treaty (NPT)	Treaty of Tlatelolco*	IAEA* safeguards	Limited Test Ban Treaty
ARGENTINA	—	Signed	Partial coverage	Signed
INDIA	—	—	Partial coverage	Ratified
CHINA	—	—	Partial coverage	—
ISRAEL	—	—	Partial coverage	Ratified
PAKISTAN	—	—	Partial coverage	Signed
SOUTH KOREA	Ratified	—	Partial coverage	Ratified
TAIWAN	Ratified	—	Partial coverage	Ratified
SOUTH AFRICA	—	—	Partial coverage	Ratified
BRAZIL	—	Ratified under conditions	Partial coverage	Ratified

*for Latin American states

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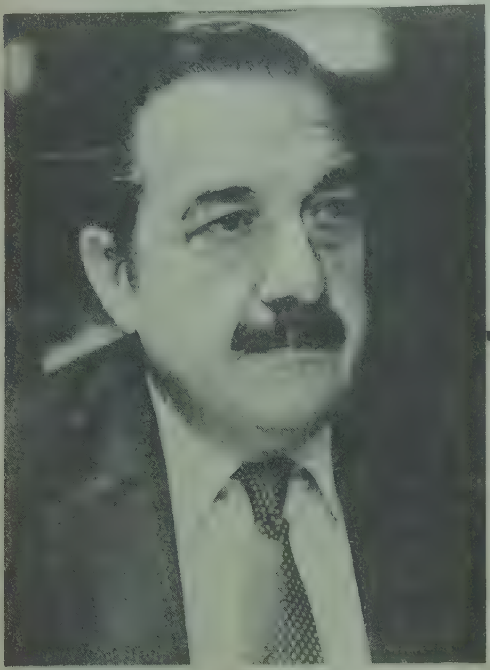
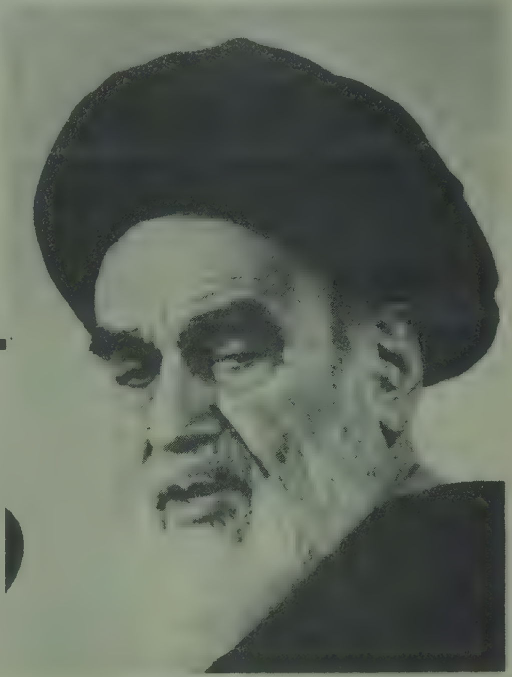
Nuke chain links Iran to Argentina

Cooperation in secrecy



Cooperation grows between governments...



AP/WIDE WORLD

...of Alfonsin and Khomeini.

BY MARIO CARRANZA

HERE'S THE NIGHTMARE: A vengeful state driven by ideological frenzy gains access to nuclear secrets and develops its own bomb outside big power sanctions.

Here's the reality: Nuclear cooperation between Argentina and Iran, shrouded in secrecy for two years and similar to agreements between other Third World countries, has grown more intense. Its very existence illustrates the risks inherent to international nuclear order.

In the case of Iran, latent proliferation is particularly dangerous, because it has a strong security rationale for "going nuclear:" it is at war with Iraq, it shares borders with the USSR, and it no longer has the US nuclear umbrella.

The nuclear chain of events linking Iran and Argentina started in May 1986 when a delegation from Iran visited Buenos Aires seeking technical assistance to complete two West German-supplied nuclear power reactors at Bushehr.

Two years before, the United States had banned the supply of nuclear materials to Iran and had asked second-tier suppliers such as Argentina to do the same

After the US ban, the Islamic republic reactivated a nuclear development program that was heavily dependent on foreign assistance when the deposed shah initiated it in the mid-1970's. The Iranian revolution of 1979 halted the program.

The Ayatollah Khomeini regime urged Iranian nuclear scientists to return, completed a small, French-supplied, research reactor at Isfahan and announced the discovery of important uranium deposits.

By April 1984, *Jane's Defense Weekly* reported that Iran was "engaged in the production of an atomic bomb, likely to be ready within two years."

The report was blatantly erroneous. But Iran's bad international reputation and the unpredictability of its decision-making process raise serious doubts that in the future it will respect the Non-Proliferation Treaty, which it has signed but from which it may withdraw on 90-day's notice.

In December 1986, an Argentine delegation visited Tehran for talks on expanding commercial ties beyond an existing contract, probably signed the previous May or June, to train nuclear engineers and technicians from the Atomic Energy Organization of Iran (AEOI).

The type of training to be provided, and the value and duration of this contract remain secret.

The Reagan administration's secret arms sales to Iran made discouraging Argentina from pursuing nuclear trade negotiations with Iran difficult for the United States.

Neither Argentina nor Iran officially confirmed a wide-ranging nuclear deal they signed on May 5, 1987. The agreement includes:

(1) a contract valued at around US$5.5 million to modify and refuel the research reactor at Tehran University so that it can work with 20 percent enriched uranium that Argentina can provide, instead of the higher enrichment presently required;

(2) Argentine participation in the completion of the Bushehr nuclear power plant;

(3) Argentina will supply Iran with uranium with 20 percent enrichment, shipments to start in 1989;

(4) Iranian nuclear scientists will be trained at the Balseiro Nuclear Institute in Argentina as part of a fuel cycle technology transfer, the extent of which remains undisclosed;

(5) Broader trade cooperation; Iran is Argentina's fifth largest trading partner.

Argentine technical assistance, coupled with the nuclear know-how inherited from the shah, could significantly reduce the time Iran needed if it decided to produce nuclear weapons.

Argentina, which has not signed the treaty, has apparently imposed International Atomic Energy Agency (IAEA) safeguards on the transfer of nuclear technology to Iran.

The $5.5 million nuclear deal casts doubts on President Raul Alfonsin's objective to ratify the non-proliferation treaty. The agreement also is a show of independent foreign policy by Argentina, which has nuclear cooperation agreements with Cuba, Algeria, Peru, Brazil, Chile and Uruguay.

Argentina, most other second-tier suppliers and some of their recipients prefer to maintain an ambiguous posture regarding their nuclear weapon capabilities. Their policy is to approach the nuclear-weapon threshold without overtly crossing it. Nuclear cooperation agreements are part of what might be called opaque proliferation.◆

Mario Carranza, an Argentine lawyer and political scientist, is a specialist in nuclear proliferation and regional security in Latin America and South Asia.

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Israel permits inspection

But it's what the Norwegians won't see that counts

BY PER FJELD
in Stavanger, Norway

FOR THE FIRST TIME in a generation, the Israelis will permit the persistent Norwegians to inspect a portion of their nuclear establishment that many believe has created an unannounced nuclear weapon for the Jewish state.

After two years of negotiations, the two governments have agreed that Norwegian experts may inspect some of the heavy water delivered to Israel in 1959 and 1970. It will be the first inspection since 1960.

Norway is one of the world's few producers of heavy water, an important component in nuclear research, and of significant value for the production of plutonium, a material normally associated with the development of nuclear weapons.

The very pro-Israel Norwegian Labour government approved an export license for 20 tons of the material to Israel in 1959. A clause in the contract gave the Norwegian government the right to inspect the delivery in Israel to make sure that it wasn't used for purposes other than purely peaceful ones.

A Norwegian team, led by former Defense Secretary Jens Chr. Hauge, carried out an inspection in 1960 and concluded that no reason existed to suspect that the Israelis were breaking the agreement.

Israel is a member of International Atomic Energy Agency (IAEA) but has never signed the Non-Proliferation Treaty. In 1970, the year after Norway had ratified the treaty, committing her not to contribute to the spreading of nuclear weapons technology, another ton of heavy water reached Israel from Norway.

According to CIA reports, Israel probably had reached nuclear weapons production capability by 1968. In 1979, a report by the Stockholm International Peace Research Institute (SIPRI) concluded that the Israeli Dimona reactor in the Negev desert has military purposes.

Seven years later, in the fall of 1986, nuclear technician Mordechai Vanunu revealed in the *London Sunday Times* that Israel probably had produced between 100 and 200 nuclear weapons in Dimona, where Vanunu had worked, and that most of the plutonium needed for that was made by the use of Norwegian heavy water.

Many experts believe that Norway is heavily responsible for any Israeli ability to produce nuclear weapons. Not a nice thought for a country priding itself on nuclear cleanness and a sometimes patronizing affinity to teaching distant governments how they should behave.

Immediately after Vanunu's revelations, Norway invoked the dust-hidden 1959 inspection agreement. Israel said no at first, but agreed to negotiations that in early June this year produced a compromise.

According to the new agreement, Norwegian representatives cannot enter the Dimona reactor, nor see for themselves what the plutonium made there has been used for.

Colette Avital, a spokeswoman of the Israeli Ministry of Foreign Affairs, conceded that her country agreed to the terms because it was assured of what the Norwegians would not see.

They are left with the right to inspect what is left of the water. Half of it has been spilled or has evaporated, according to former Norwegian secretary of foreign trade, Kurt Mosbakk. In January last year, Israeli Prime Minister Yitzhak Shamir denied that his country had produced nuclear weapons using Norwegian heavy water. He also stated that Israel has not produced nuclear weapons. On other occasions, the normal official Israeli line would be "Israel will not be the first to introduce nuclear weapons in the Middle East."

Nuclear experts in Norway conclude that it will be impossible to verify whether the heavy water from this country has been used by the Israelis for weapons purposes. It follows revelations that other deliverances of such water have taken undesired routes. One or more shipments officially sent to a German company has apparently ended up in India, a country also suspected of having gained the ability to produce nuclear weapons.◆

Per Fjeld covers the nuclear field for the *Stavanger Aftenblad*.

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THE ECONOMICS INSTITUTE

New states on threshold of easy bomb

Items off the shelf help task

BY TARIQ RAUF
in Ottawa, Canada

ARGENTINA, BRAZIL, India, Israel, Pakistan, South Africa. Except for Pakistan, they are already, or soon will be, in a position to export nuclear material and technology.

These are the "threshold" or "near-nuclear weapon" states. They have not signed the Non-Proliferation Treaty (NPT). As a result, they are not required to accept for their own nuclear programs the safeguards administered by the Vienna-based International Atomic Energy Agency (IAEA).

They also may not insist on IAEA safeguards and peaceful-use-only conditions on their nuclear exports. Many perceived this situation to pose a significant challenge to checking the proliferation of nuclear weapons.

The Non-Proliferation Treaty is the mainstay of the effort to prevent the spread of weapons to countries beyond the five known nuclear-weapon states. The NPT requires that all transfers of nuclear material and equipment between signatory states be subject to IAEA safeguards, or inspection, to ensure that none has been diverted to the manufacture of nuclear weapons.

Since the NPT came into force in 1970, member states have tried to strengthen non-proliferation safeguards.

A committee of most major nuclear suppliers, under Swiss Professor Claude Zangger, agreed in July 1974 on a "Trigger List" of nuclear components, equipment and material that required IAEA safeguards for export. Ten major industrial powers, including the United States and the USSR, adopted the list.

By then, India had conducted a nuclear test explosion in May 1974, Brazil, Pakistan and South Korea were negotiating the export of reprocessing technology and plants from France and West Germany and the 1973 oil embargo made nuclear energy an attractive fuel alternative.

As a result, 15 of the world's principal nuclear suppliers met secretly in London between 1975 and 1978 and drew up broader guidelines.

But the guidelines, not legally binding, did not prevent the development of nuclear programs, some without IAEA safeguards, in many Third World states.

The second-tier suppliers, even with only a small market share, now provide an alternative source of supply for those countries that feel the traditional nuclear suppliers unduly restrict exports.

The new nuclear suppliers generally concentrate on fuel fabrication and small research reactors. Since the lack of weapon-grade fissionable material, highly enriched uranium and plutonium, long has been a main impediment to weapons development in the non-nuclear states, the emergence of new nuclear suppliers is particularly significant. Uranium enrichment technology, specifically the gas centrifuge process, now is in general use in the "threshold" states and is fast becoming the chosen route for weapon development.

The increased availability of both nuclear technology and fissionable material means that elements of a nuclear fuel cycle could be acquired in an off-the-shelf manner from a variety of supplier countries. The greater availability of other related components and items means a state aspiring to develop nuclear weapons no longer has to spend years in developing the requisite nuclear infrastructure.

Consequently, with a relatively low level of nuclear technology, a threshold state could start along the road to weapon development with the help of imported nuclear items that are free of IAEA safeguards.

While South Africa has declared its support for the suppliers' guidelines, the other second-tier suppliers have not. While no evidence suggests that the second-tier suppliers have behaved irresponsibly or would deliberately aid in the proliferation of nuclear weapons, they could offer cheaper nuclear exports than the traditional suppliers.

That means some danger exists that the Trigger List and suppliers club standards could decline and eventually disintegrate, unless both the traditional and the new nuclear suppliers reach a common understanding requiring IAEA safeguards on all nuclear exports.◆

Potential proliferators

Indicators of ability to produce weapons—grade material

Country	Plutonium reprocessing capacity (kg plutonium/year)	Uranium enrichment capacity
INDIA	Trombay — 600 Tarapur — 2000 Kalpakkam — 2500	Pilot facility at BARC, Bombay
ARGENTINA	Ezeiza — 15 (nearing completion)	Pilcaniyeu (experimental gaseous diffusion facility)
SOUTH AFRICA	Pelindaba hot cell complex (capacity unknown)	Valindaba centrifuge — 50 kg Valindaba II facility — 50 ton
ISRAEL	Dimona — up to 40 Nahal Soreq —lab scale	Lab laser enrichment
PAKISTAN	Chashma — 100 to 200 Pinstech —Lab scale	Kahuta centrifuge plant — up to 14,000 centrifuges
BRAZIL	IPEN — lab scale Resende — 10 (under construction)	IPEN — lab scale Resende — 64 tons Belo Horizonte — lab scale

Sources: SIPRI; Institute of Strategic Studies, London; and Carnegie Endowment for International Peace.

Tariq Rauf is the Senior Research Associate at the Canadian Center for Arms Control and Disarmament in Ottawa, Canada.

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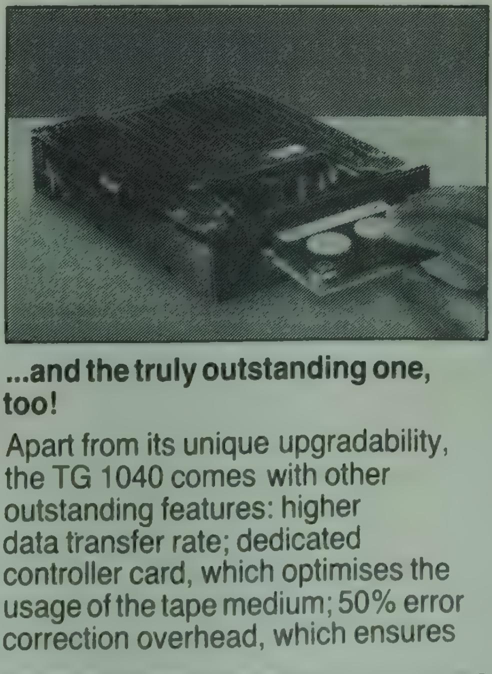

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Tisco

Steel price hike helps to maintain profitability; capacity expanded; company out of excise "black list"

The working of Tisco for the year ended 31 March 1988 has fallen short of Dalal Street's expectations. Dividend has been maintained at 25 per cent on enhanced capital after bonus and rights issue in 1987. This has also fallen short of expectations.

Tata Steel continues to be the leader in the Indian private sector in terms of sales followed by Telco. With Telco's sales in the current year projected at Rs.1,600 crores, the race for the top position between these two Tata companies is going to be very close. Tisco's total income during the year at Rs.1,527 crores registered an increase of nearly 8 per cent. The increase was mainly due to a favourable product mix and the hike in steel prices last year. The percentage of finished steel in the total steel output increased to 50 per cent (previous year: 41 per cent).

The growth in profits continued to be slow due to the cost escalations, particularly the wage bill which was up by 19 per cent to Rs.267.53 crores. Pending wage negotiations, interim relief of about Rs.1 crore per month had to be given from January 1986. The number of employees drawing more than Rs.3,000 per month on an average has gone up to 18,228 against 9,264 in 1986-87. Other expenses which are disproportionately higher are stores (higher by 27 per cent to Rs.60.70 crores); repairs (by 19 per cent to Rs.103.44 crores) and power (by 25 per cent to Rs. 67.42 crores). Depreciation charges were also substantially higher due to various modernisation and expansion plans and also due to the revised rates of depreciation prescribed under schedule XIV by the Companies (Amendment) Act 1988.

With 110 per cent capacity utilisation, the production of saleable steel was 1.91 million tonnes (1.90 million tonnes). The production of continuous cast billets was also higher at 3.52 lakh tonnes (3.25 lakh tonnes). The new bar and rod mill has fared well. The production figures would have been still better but for the shortage of steel scrap/sponge iron. At the Kharagpur division, 3.7 million bearings were produced during the year (previous year: 3.6 million bearings). The bearings division will yield returns only when the output is substantially increased. Tisco plans to improve existing facilities with the help of Styer of Austria. After the implementation of the expansion plan, 10 million bearings will be produced every year.

A notable feature of Tisco's working is the jump in its exports from Rs.4 crores to Rs.23 crores during the year. This includes exports of tubes and wires (Rs.12.7 crores); chrome ore (Rs.4.3 crores) and commodities (Rs.5.7 crores). Tisco plans to export non-traditional items also.

Tisco managed to get out of the black list of companies with large excise dues. This had affected its various modernisation and diversification plans. Its application for enhancing the steel capacity to 2.7 million tonnes (from 2.1 million tonnes) is expected to be cleared soon. For improving the productivity of blast furnaces, it has entered into a collaboration with a West German company.

Tisco has not provided for the possible loss in investments (equity, interest-free loans or advances) made in various companies jointly promoted by it. These companies including Ipitata Sponge, Kumardhubi Metal, Tata Davy have incurred substantial losses. The aggregate investment in these companies works out to Rs.20 crores.

Tisco has added Rs.261.44 crores to the gross block. Besides, issue of shares at a premium (Rs.81.33 crores) and internal accruals of Rs.121.31 crores were also utilised. Borrowings increased by about Rs.59 crores. The profits of the steel industry depend on steel price increases granted by the government. Another hike in the near future is unlikely.

Tisco's attempt to improve profitability by higher production will, to a great extent, be nullified by the continuous cost escalations.

		(Rs. crores)
Year ended 31 March	**1988**	**1987**
SALES & OTHER INCOME	1,526.78	1,416.39
OPERATING PROFIT	253.55	220.40
INTEREST	67.42	63.28
DEPRECIATION	73.98	57.60
PRE-TAX PROFIT	112.15	99.52
TAX	20.00	12.00
NET PROFIT	92.15	87.52
EQUITY CAPITAL	136.01	82.63
RESERVES & SURPLUS	476.33	401.05
LOAN FUNDS	576.65	517.83
NET BLOCK	861.88	708.09
NET CURRENT ASSETS	163.59	163.30
EPS (%)	67.75	105.92
DIVIDEND (%)	25.00	25.00
MARKET PRICE (Rs.)		
CURRENT	818.00	
1987: HIGH	1210.00	
LOW	500.00	

Grasim

Improved working; higher dividend and bonus issue; ambitious expansion plans

Grasim (formerly Gwalior Rayon) reported higher profits due to the improved working of the viscose staple fibre (VSF) and the cement divisions. Besides this, a long-term capital gains on sales of shares (Rs.2.55 crores) also resulted in pre-tax profits jumping to Rs.18.22 crores during 1987-88 (previous year: Rs.2.93 crores). The equity dividend has been stepped up to 27.5 per cent (previous year: 24 per cent) and the long awaited bonus issue also materialised in a ratio of three shares for every four shares held.

Grasim is a well diversified company with the VSF and the cement division contributing 57 per cent of total sales. Total income was up by 25 per cent to

		(Rs. crores)
Year ended 31 March	**1988**	**1987**
SALES & OTHER INCOME	689.01	551.36
OPERATING PROFIT	89.85	59.12
INTEREST	25.85	24.18
DEPRECIATION	42.78	31.96
PRE-TAX PROFIT	18.22	2.98
TAX	2.87	
NET PROFIT	15.35	2.98
EQUITY CAPITAL	21.59	21.59
RESERVES & SURPLUS	178.17	169.28
LOAN FUNDS	230.10	217.16
NET BLOCK	235.95	252.15
NET CURRENT ASSETS	161.04	127.06
EPS (%)	71.00	13.80
DIVIDEND (%)	27.50	24.00
MARKET PRICE (Rs.)		
CURRENT	108.00	
1987: HIGH	105.00	
LOW	81.00	

Rs.689 crores and gross profit by as much as 75 per cent to Rs.61 crores. Despite higher depreciation charges and minimum tax provision of Rs.2.87 crores under section 115 J, the net profit was four times higher at Rs.15.35 crores. The EPS improved to Rs.7.10 (Rs.1.38).

The working of the VSF division improved considerably with production and sales volume up by 20 per cent. The average sales realisation at Rs.27,800 per tonne was higher by about 12 per cent over the previous year. The sales of the division at Rs.280 crores accounts for 42 per cent of total sales. Several new varieties of fibre were introduced. However, high excise duty was imposed recently on viscose used for the manufacture of 100 per cent spun yarn; the duty is disproportionately higher than that on fibre used for blending with cotton. This is likely to adversely affect the working of the VSF division.

The cement division has almost doubled its sales to Rs.106 crores due to higher sales volume and sales realisation. Together, the old cement unit with 124 per cent capacity utilisation and the new one (which commenced production during the year) with 96 per cent capacity utilisation, produced about 1.1 million tonnes of cement. The unrealistic prices of levy cement, the decline in non-levy prices, and escalations of input costs continue to affect the working of the divisions.

Pulp production during the year was lower due to the shortage of pulp wood, the overhauling of one recovery boiler at the Harihar plant, and the suspension of operations at the Mavoor pulp plant. The machinery and raw materials stored at the Mavoor plant, it is feared, may be heavily damaged due to the suspension of operations since July 1985. The company's engineering and consultancy division has exported a VSF plant to Cuba and obtained similar export orders from other countries.

The licensed capacity of the company's caustic soda plant has been re-endorsed to 90,000 tonnes per annum. The polyaluminium chloride plant is expected to be commissioned by the end of 1989. The company has received a letter of intent for the manufacture of 6,600 tonnes of chloro sulphuric acid annually.

Grasim has invested, through its subsidiaries, in 17.97 lakh equity shares of Hindalco (another Birla group company). For this it has advanced Rs.19 crores as unsecured loans to the subsidiaries. Additions to the gross block and the working capital were Rs.26 crores and Rs.34 crores respectively. The major source of finance was retained funds: Rs.52 crores.

Grasim is doubling capacity at its cement plant at Jawad to 2 million tonnes; the expansion is likely to be completed by June 1990. It also plans to set up a hydrogen peroxide plant at Nagda. At present, National Peroxide of the Bombay Dyeing group is the only manufacturer of hydrogen peroxide. Grasim is also awaiting permission for the manufacture of colour television glass shells with Japanese collaboration. Also under the government's consideration is its application to set up a 600,000-tonne sponge iron project as a part of Grasim and not as a joint venture with SICOM.

Indian Hotels

Profits marginally higher; dividend maintained; bonus skipped again; fiscal benefits to the hotel industry will reduce tax liability

Indian Hotels Company Limited (IH), which runs the Taj group of Hotels, has reported marginally higher profits for the year ended 31 March 1988. Interest and depreciation charges were higher. Rent, rates and taxes went up by 25 per cent to Rs.10.20 crores. IH has maintained dividend at 30 per cent on enlarged capital after conversion of debentures but the shareholders were unhappy about non-issue of bonus shares. The last bonus issue was in 1981-82 in the ratio 2:5.

(Rs. crores)

Year ended 31 March	1988	1987
SALES & OTHER INCOME	105.64	93.05
OPERATING PROFIT	24.20	20.66
INTEREST	9.49	7.28
DEPRECIATION	5.55	4.25
PRE-TAX PROFIT	9.16	9.13
TAX	2.40	2.75
NET PROFIT	6.76	6.38
EQUITY CAPITAL	9.86	7.85
RESERVES & SURPLUS	41.79	32.73
LOAN FUNDS	63.47	53.58
NET BLOCK	80.08	67.56
NET CURRENT ASSETS	28.32	21.07
EPS (%)	68.60	81.30
DIVIDEND (%)	30.00	30.00
MARKET PRICE (Rs.)		
CURRENT	105.00	
1988: HIGH	127.00	
LOW	90.00	

Total revenue was up by 13 per cent to Rs.105.64 crores. Operating profit was also proportionately higher. But pre-tax profits were only marginally higher as interest and depreciation charges shot up by 30 per cent. The increase in depreciation was due to the revised rates introduced from April 1987. The higher interest charges resulted from last year's issue of convertible debentures to finance new projects (the Calcutta hotel) and various renovation programmes. These plans will start yielding returns in the near future.

Other expenditures for the hotel industry are fuel and power, rent, rates and taxes, and repairs. IH spends nearly 25 per cent of its total revenue under these heads. Various five star hotels in Bombay had to bear a 250 per cent hike in water charges last year. They pay energy costs at the commercial rates applicable to offices and not at industrial rates. Now, since hotels have been given industry status, it is hoped that they will be charged industrial rates for energy.

IH has made tax provision for the years 1977-78 to 1985-86 by deducting investment allowance of Rs.6.49 crores from the taxable income. The claim was disallowed by the Income Tax authorities, and the company has filed an appeal. If the appeal is disallowed, there will be an additional tax liability of Rs.3.91 crores for these years.

During the year the company added Rs.17.97 crores to the gross block, most of it in plant and machinery (Rs.5.96 crores) and capital work-in-progress (Rs.8.81 crores). During the last three years, net block has gone up by 80 per cent to Rs.80.08 crores, but gross revenue went up by only 61 per cent to Rs.105.64 crores and net profit by merely 6 per cent. The assets turnover ratio during 1987-88 was lower at 1.3 times (1985-86: 1.4 times). Both gross margin and net margin have been marginally lower at 13.9 per cent and 6.4 per cent respectively.

After continuous representations by the industry, the government has now placed the hotel industry on a par with other export industries in respect of financial and fiscal benefits. IH will now be entitled to claim deductions under Section 80 HHC of the Income Tax Act for profits earned as exports. Further, the re-introduction of investment allowance reserve will reduce the tax liability. Foreign exchange earnings registered a growth of 17 per cent at Rs.67.83 crores. With free reserves about four times the equity capital, investors hope that the company will soon consider issuing bonus shares. The new Taj Bengal Hotel, Calcutta, is expected to be commissioned before March 1989. The renovation of various hotels at Bombay, Madras, Bangalore and Ooty is progressing as scheduled.

TRENDS

Modi Rubber

The net turnover of the company has increased by 4 per cent to Rs.202.33 crores in the second half of the current year ended April 1988 (Rs.193.09 crores in the corresponding period last year). The performance is better than that in the first half by a similar percentage. Although the manufacturing and administrative expenses decreased by 8 per cent at Rs.83.26 crores (Rs.90.97 crores), the raw material cost and the wage bill increased by 21 per cent and 29 per cent respectively. Raw material cost was Rs.92.17 crores (Rs.76.36 crores). As a percentage of sales, the raw material cost was higher at 45.55 per cent (39.5 per cent), an indication that input costs are rising. In effect operating profit is less by 7 per cent at Rs.19.08 crores (Rs.20.48 crores).

The operating margins have reduced to 9.43 per cent from 10.6 per cent. Interest charges are Rs.5.45 crores (Rs.5.59 crores). The gross profit has been reduced by 8 per cent to Rs.13.63 crores (Rs.14.89 crores). Depreciation charges have remained nearly the same but the taxation liability has been drastically reduced by 55 per cent to Rs.2.72 crores from Rs.6.05 crores. Therefore, net profit shows an improvement from Rs.2.10 crores to Rs.4.11 crores.

(Rs. crores)

	Nov. 1987- April 1988	Nov. 1986- April 1987	May 1986- April 1987
SALES	202.33	193.09	360.34
OTHER INCOME	3.96	3.86	6.60
TOTAL INCOME	206.29	196.95	366.94
RAW MATERIALS COST	92.17	76.36	147.58
SALARY & WAGES	11.78	9.14	18.48
OTHER EXPENSES	83.26	90.97	164.87
OPERATING PROFIT	19.08	20.48	36.01
INTEREST	5.45	5.59	11.63
GROSS PROFIT	13.63	14.89	24.38
DEPRECIATION	6.80	6.74	13.33
TAX	2.72	6.05	6.75
NET PROFIT	4.11	2.10	4.29
OP/SALES (%)	9.40	10.60	9.99
RM/SALES (%)	45.50	39.50	40.95

Pfizer

Pfizer has done well in the first half of the year; sales at Rs.37.52 crores are 13 per cent higher. The operating profit has moved up to Rs.2.29 crores (Rs.1.20 crores). The operating margins have doubled to 6.10 per cent (3.62 per cent). The interest burden has reduced to Rs.0.39 crores (Rs.0.50 crores). Depreciation at Rs.0.73 crores is at the same level. Due to higher profits the tax liability too has increased from Rs.9 lakhs last year to Rs.66 lakhs this year. After providing for all these the company has managed to make a profit this time; in the corresponding period last year it was in the red. The company has earned a net profit of Rs.51 lakhs as against a net loss of Rs.13 lakhs.

The dilution by the parent US company and the resultant rights issue at a premium to Indian shareholders will increase Pfizer's reserves by Rs.2.65 crores. The company's profits in the first half this year are much higher than in the whole of last year. This will further boost its reserves position which had actually declined last year.

The company has now got a new managing director, so corporate circles will be keeping a close watch on the company's performance in the next six months.

(Rs. crores)

	Dec. 1987- May 1988	Dec. 1986- May 1987	Dec. 1986- May 1987
SALES	37.52	33.13	66.67
OTHER INCOME	28.00	22.00	98.00
TOTAL INCOME	38.04	33.59	67.65
RAW MATERIALS COST	14.22	12.55	29.94
SALARY & WAGES	8.36	7.87	16.83
OTHER EXPENSES	13.17	11.97	17.60
OPERATING PROFIT	2.29	1.20	3.72
INTEREST	0.39	0.50	0.81
GROSS PROFIT	1.90	0.70	2.91
DEPRECIATION	0.73	0.74	1.57
TAX	0.66	0.09	1.02
NET PROFIT	0.51	0.13	0.32
OP/SALES (%)	6.10	3.62	5.58
RM/SALES (%)	37.90	37.88	44.91

RESULTS ANNOUNCED

Tomco

Tata Oil Mills Co Ltd (Tomco) has pruned its dividend from 15 per cent to 10 per cent for the year ended 31 March 1988. Sales have risen from Rs.240.63 crores to Rs.287.66 crores and gross profit to Rs.4.50 crores (Rs.4.22 crores). After providing Rs.2.13 crores (Rs.2.18 crores) towards depreciation and Rs.80 lakhs (Rs.75 lakhs) for taxes and other adjustments, the net profit is lower at Rs.131 crores (Rs.1.55 crores). According to the management the company did not perform well and the year's profit accrued largely due to sale of investments.

English Electric

English Electric (one of the three GEC group companies in India) has announced a dividend of 15 per cent on enhanced capital following last years bonus issue. During the year ended 31 March 1988 the company posted sales of Rs.60.49 crores (previous year: Rs.56.27 crores) and pre-tax profit of Rs.6.88 crores (Rs.6.40 crores). The tax liability is Rs.2.49 crores (Rs.2.47 crores) and the net profit works out to Rs.4.39 crores (Rs.3.93 crores). The proposed dividend absorbs Rs.1.35 crores (Rs.1.23 crores).

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LINTAS (CAL)/TIM/1/20x28

well during the year ended 30 April 1988. The company is paying a higher dividend of 23 per cent (16 per cent). Production, sales and profits have all registered major increases during the year. Total income jumped by 23 per cent to Rs.124.78 crores (Rs.101.63 crores) and gross profit to Rs.5.48 crores (Rs.3.90 crores). The company's pre-tax profit is higher by 67 per cent at Rs.4.45 crores (Rs.2.65 crores) and after providing for taxes the net profit has doubled to Rs.3.50 crores (Rs.1.66 crores).

HBB's current order book position is a comfortable Rs.157 crores. It recently received an order for the construction of NTPC's combined cycle power plant at Anta, Rajasthan. The EPABX unit at Mysore has commenced production. New projects under implementation include industrial turbines and railway signalling products at Halol, Gujarat and medium-voltage switchgear at Rae Bareili, UP.

Indian Dyestuff

Indian Dyestuff Industries has reported a fall in profits during the year ended 31 March 1988. The company has however stepped up the dividend to 15 per cent (14 per cent). IDI posted sales of Rs.150.41 crores (Rs.134.01 crores) and gross profit of Rs.5.25 crores (Rs.4.25 crores). With a higher depreciation charge of Rs.9.60 crores (Rs.5.53 crores) and what the company refers to as "amount withdrawn from revaluation reserve", Rs.5.09 crores (Rs.2.95 crores), the net profit is lower at Rs.74 lakhs (Rs.1.67 crores). The proposed dividend absorbs Rs.1.15 crores (Rs.1.08 crores). An amount of Rs.77 lakhs is the balance transferred from the previous year.

Indian Rayon

Despite labour strife, the company reported a better performance in the year ended 30 June 1988. Turnover is higher at Rs.214 crores (previous year: Rs.200 crores) and so is gross profit at Rs.17.73 crores (Rs.13.25 crores). The company has maintained dividend at 28 per cent, but the payout will nearly double to Rs.3.99 crores (Rs.2.04 crores), as a result of the enlargement of equity capital, following conversion of debentures.

After depreciation of Rs.11.75 crores (Rs.7.93 crores), and taxes, Rs.1 crore (Rs.80 lakhs), the post-tax profit is still good at Rs.4.98 crores (Rs.5.12 crores). Meanwhile, the company's white cement plant (capacity 80,000 tpa) and carbon black plant commenced production in April and July respectively this year. The capacity of the grey cement plant is being increased by 5.4 lakh tpa. A proposed 15 MW captive thermal power plant will ensure full power availability. The outlay for these two projects is Rs.127 crores.

East India Hotels

The company has registered a higher turnover of Rs.80.25 crores for the year ended 31 March 1988 (Rs.65.93 crores) while operating profit has jumped to Rs.26.73 crores (Rs.22.54 crores). Dividend, at 20 per cent, will involve a payout of Rs.4.06 crores (Rs.3.46 crores), following enlargement of the company's equity capital in October last year.

Increased interest charges of Rs.12.03 crores (Rs.8.13 crores) and depreciation of Rs.5.53 crores (Rs.3.73 crores) have pulled down pre-tax profits to Rs.9.16 crores (Rs.10.67 crores). Profit after tax is Rs.6.93 crores (Rs.9.78 crores). General reserves take up Rs.75 lakhs from the Rs.6.97 crores available for appropriation, while the remaining Rs.1.98 crores will be carried forward.

Hindustan Diamond Co

The company's turnover improved to Rs.114.8 crores for the year ended 31 March 1988 (Rs.83.20 crores for the year before), registering a 38 per cent increase. After depreciation of Rs.4.28 lakhs and taxation Rs.1.10 crores, the net profit is Rs.1.42 crores (Rs.44 lakhs). The company's dividend payout for the year is Rs.17.5 lakhs. In a crowded industry with over 1,000 importers, the company has emerged as the largest supplier of rough diamonds in the country.

Jagatjit Industries

The company's turnover for the year ended 31 March 1988 was Rs.119.52 crores (Rs.133.50 crores for previous 15-month accounting period), while gross profit was Rs.10.03 crores (Rs.11.77 crores). Dividend has been maintained at 30 per cent on equity capital, and 13.5 per cent on preference shares.

The profit after depreciation at Rs.3.76 crores (Rs.4.85 crores), is lower at Rs.6.27 crores (Rs.6.91 crores). After taxation of Rs.3.00 crores (Rs.2.76 crores), the net profit is Rs.3.27 crores (Rs.4.15 crores). Of this amount which is available for appropriation, Rs.40 lakhs has been transferred to export profit reserve and capital redemption reserve, while dividend payout is Rs.92 lakhs. The remaining Rs.1.95 crores (Rs.2 crores) has been transferred to the general reserve, taking total reserves up to Rs.19.77 crores (Rs.17.5 crores).

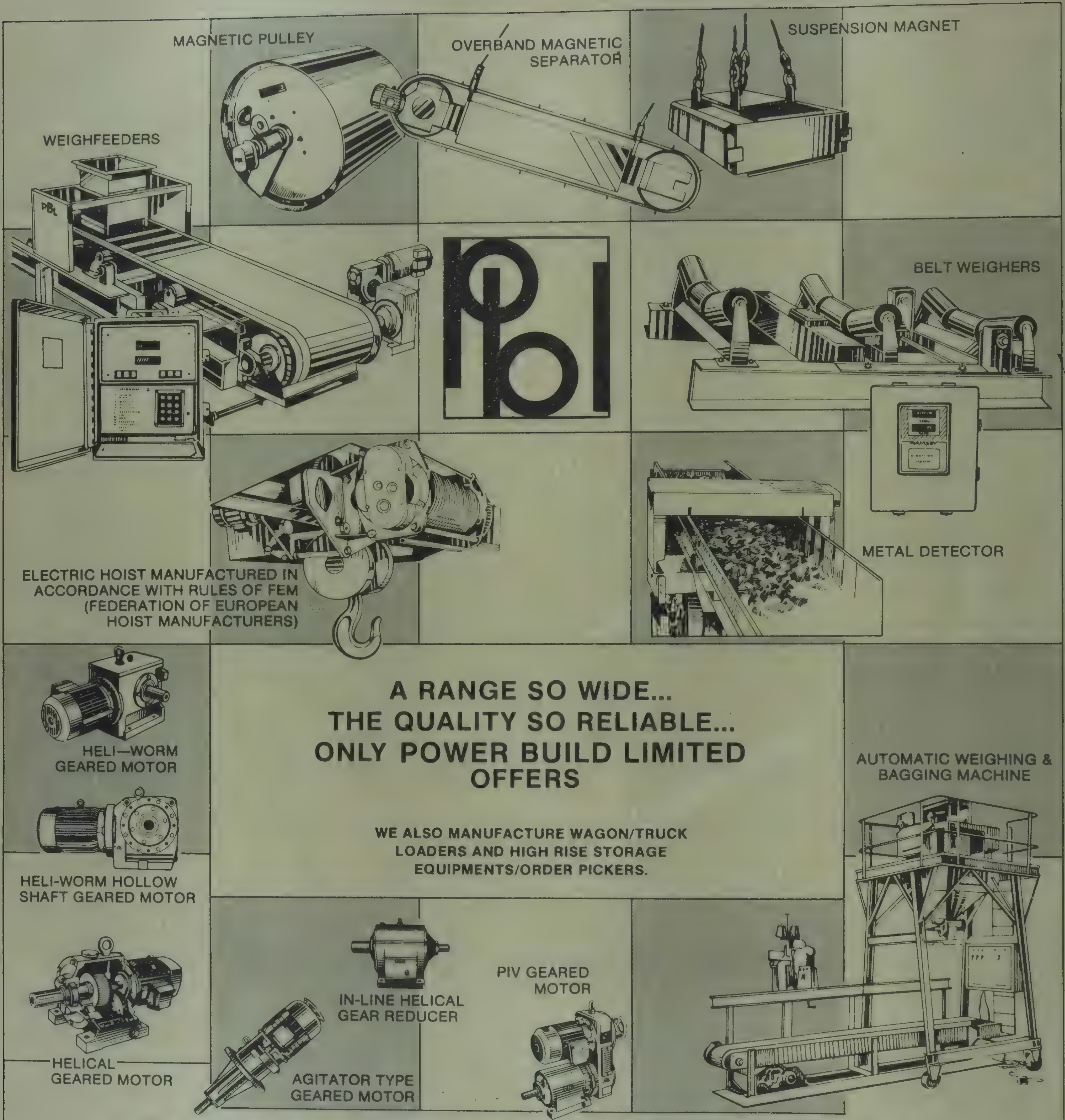
IN BRIEF

The board of directors of **Polychem Ltd** has maintained the equity dividend at 25 per cent for the year ended 31 March 1988. During the year, the turnover of the company went up to Rs.79.64 crores from Rs.65.43 crores in the previous year. Similarly gross profit went up to Rs.7.50 crores from Rs.5.58 crores and profit after tax to Rs.4.77 crores from Rs.4.01 crores in the previous year.

LML Limited, makers of LML Vespa scooters, has recently achieved a production volume of 15,000 scooters per month for the first time since it was set up in 1984. After incurring losses in the initial years, the company has now turned around. For the period November 1986 to June 1988, the company's financial performance has improved and according to company sources it has earned a net profit after interest and depreciation.

Empire Leasing and Consultancy Ltd has declared a higher dividend of 20 per cent for the year ended 31 March 1988 against 11 per cent in the previous year. The company's gross income during the year increased by 138 per cent from Rs.38.84 lakhs to Rs.92.93 lakhs. Similarly gross profit has gone up to Rs.75.04 lakhs (Rs.35.21 lakhs) and net profit to Rs.42.04 lakhs (Rs.31.21 lakhs).

Vickers Systems International Ltd has returned to the dividend list after a lapse of three years. For the year ended 31 March 1988, the company has declared a dividend of 15 per cent. During the year the company's total income went up by 14 per cent to Rs.16.28 crores from Rs.14.12 crores in the previous year. Profit after tax for the year went up to Rs.50.75 lakhs (Rs.24.73 lakhs).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GIRDHAR'S IMAGE

Ispat Profiles

In response to questions about his company's chances in the new issues market, M.L. Mittal, chairman of Ispat Profiles India Ltd (IPIL), says, "We are offering the final product while Reliance Petrochemicals (RPL) will only offer a project at the time of going public." Both the issues open this month — IPIL on 9 August and RPL on 22 August. IPIL's plant was inaugurated on 31 July by M.L. Fotedar, union minister for steel and mines.

Ispat Profiles is the third company brought to the investing public for equity participation by the Mittal group. Nippon Denro Ispat, the first company in the Mittal stable, declared an interim dividend in the first year, while the second company, Ispat Alloys, declared a dividend of 10 per cent in the first year.

IPIL, the Rs.144-crore Ispat group venture, has already bagged orders valued at over Rs.40 crores. The Indian Railways have placed orders for 20,000 tonnes of rails and 10,000 tonnes of sleeper bars, MMTC has ordered 7,200 tonnes of H-beams for a World Bank-aided project. Several others have placed orders for IPIL's product range which ncludes items for structural applications. The items include beams and sleeper bars, value-added stainless and alloy steels and light-medium structurals.

IPIL has put up an "ultra-modern steel mill complex" for the manufacture of structural steels and special profiles using the 'Universal Mill' process for the first time in the country. The high capital cost and the absence of a good product mix have kept existing electric arc furnace steel companies from implementing such a project so far in India.The project was completed ahead of schedule, in less than 24 months. Knowhow has come from Italy's Danieli & C Spa, a pioneer in developing state-of-the-art plants backed by very strong R&D facilities.

This venture, according to the company, will aim to introduce the latest in world steel technology to India with equipment backed by a master computer, with the idea of manufacturing products which are still being imported in substantial quantities. IPIL is the first private sector manufacturer of rails in the country and the first to manufacture H-Beams through the Universal Mill process.

IPIL's plant has been set up at Sanaswadi, in Pune district, Maharashtra. Being a category "D" notified backward area, the project is eligible for fiscal benefits of over Rs. 50 crores. Other locational advantages include the proximity of industrial customers in and around Pune.

Says R. Vijayaraghavan, a director of the company, "The plant's steel melting shop is fully computerised from the raw material stage to the continuously cast bloom production. A major feature is the adoption of robot operation of the hot metal ladle, the first of its kind in the world. For manufacture of the structurals, IPIL's plant features 'Universal Stands', for the first time in India, which offer a high degree of flexibility to manufacture any structurals."

The product is well slotted, given that the current demand for rails (1988-89) is of the order of 597,000 tonnes against which the public sector Bhilai Steel plant, the only indigenous manufacturer, can supply approximately 325,000 tonnes. This leaves a shortfall of more than 250,000 tonnes which is bound to increase as the Railways move ahead with its track modernisation plan. At present, the shortfall is met by imports.

The annual requirement of H-beams is estimated at around 50,000 tonnes. There are no manufacturers of such beams in the country today; IPIL will be the first. The company has secured orders worth over Rs.40 crores. "The product-mix that the company is able to offer has already begun attracting the attention of overseas consumers," says Vijayaraghavan.

To raise a part of the finance, the company is entering the capital market in August with a public issue of 21.57 million equity shares of Rs.10 each for cash at par aggregating Rs.21.57 crores.

Company	Issue size	Main activity	Purpose	Managers to the issue	Issue date	Listing
BAGALKOT UDYOG	130,000 14 per cent CD of Rs. 300	Cement, sugar	Working capital	Canbank, SBI Cap.	Now open	Bombay, Calcutta
SPIC ELECTRONICS	3,600,000 eq. of Rs. 10	Computer accessories	New project	Canbank, DSP Financial	10 August	Madras, Bombay
NUCHEM PLASTICS	1,868,422 eq. of Rs. 10 at premium of Rs. 5 (rights)	Plastics	Funding new project	—	Now open	Bombay
ML LTD.	7,875,000 eq. of Rs. 10 (rights)	Two wheelers	Working capital	—	Now open	Kanpur, New Delhi
UTOMOBILE ORPORATION OF GOA	1,410,000 eq. of Rs. 10 at a premium of Rs. 15	Pressed metal components, bus bodies	Expansion	ICICI, JM Financial	Now open	Bombay, New Delhi
ANBAXY	1,664,775 12.5 per cent CD of Rs. 100 (rights)	Pharmaceuticals	Expansion	JM Financial, Grindlays Bank	Now open	New Delhi, Bombay
BHARAT SEATS	1,140,000 eq. of Rs. 10	Car seats	New project	Canbank, IFCI	8 August	New Delhi, Bombay

Note: Eq: equity, CD: convertible debentures, NCD: Non-convertible debentures.

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REINZ TALBROS – closing the gaps

graphisads/120

When shares go ex-bonus

The announcement of bonus share issues by a company is a much awaited event; it is usually preceded and succeeded by a sharp appreciation in the price of the share. And after the bonus is announced, the price of the share quickly settles down at a much higher level than before the announcement and is generally assumed to have stabilised for a while. Except, that is, around the ex-bonus date. This is the date fixed by the stock exchange after which the share is quoted at an ex-bonus — or without bonus — price, i.e., shares purchased after this date are no longer eligible for the bonus shares. Before the ex-bonus date, the share is cum-bonus (or including bonus) and is eligible to receive the bonus shares.

The calculation of the theoretical ex-bonus rate is straightforward. Suppose a share quotes at Rs.100 cum 1 for 1 bonus on the day before the share becomes ex-bonus. Now, a 1 for 1 bonus means that one new share will be issued for every old share. Then, since every old share will become two shares, it follows that the price of the share ex-bonus should be half the cum-bonus price. In this case, the ex-bonus price should be Rs.50.

Consider now the table given below for six companies that went ex-bonus in June and July 1988. The findings are indeed astonishing. An investor who purchased Fulford cum-bonus on 8 July, when the price was Rs.330, would have earned 27 per cent at the end of the next trading day (11th July) when the price ex-bonus was Rs.210. Similarly, Finolex would have given the investor an overnight return of 11.6 per cent. The returns would indeed have been extraordinary for most of the shares listed below, the exceptions being Samtel and Polyolefins India Limited (PIL).

This is a surprising finding because it means that the average investor can make a huge return simply by indiscriminately buying every cum-bonus share just before it goes ex-bonus (even after considering the fact that he cannot realise all this return immediately but must wait until the company issues bonus shares, and may also lose a small amount due to odd lots being created by bonuses). Although he may make no gains in some cases, as for Samtel and PIL, on an average he will do very well indeed. The important point is that such a strategy is available for any investor who takes only the trouble of checking out ex-bonus dates.

Why is this the case? Several theories may be suggested.

Small investor purchases. Since the ex-bonus price is always lower than the cum-bonus price, the share comes within the reach of the small investor who steps in to make purchases. For example, the small investor would have to invest Rs.16,500 cum-bonus to buy a single lot of 50 shares of Fulford, but only Rs.10,500 to buy a single lot of 50 shares ex-bonus. Since the ex-bonus price is easier to afford for small investors, there is greater buying pressure after the share goes ex-bonus, which leads to its disproportionately higher price.

Liquidity. Only companies doing well issue bonus shares, and this attracts many short-term investors who are keen to realise gains as fast as possible. Suppose some buyer purchased 500 Finolex at Rs.350 and then saw its price rise to Rs.427.50 cum-bonus. One option is to sell the share cum-bonus and receive Rs.427.50 per share within a normal period of two to four weeks. If, however, he waits until the share goes ex-bonus before selling his 900 shares (400 of which are new), he also must wait until the company sends him his new shares, and this may take a few months. Hence, an investor in a hurry for liquidity (perhaps because he has borrowed in order to make the initial investment) could prefer to sell the shares cum-bonus. This creates undue selling pressure during the cum-bonus period which reduces the cum-bonus price. Since this selling pressure disappears once the share goes ex-bonus, this leads to the ex-bonus price appearing to be too high. Actually, it is the cum-bonus price which is too low.

Linked with the liquidity aspect is the influence of *forced speculative sales*. Speculative buyers, i.e., forward traders who hold long positions in the share, are usually keen to get out before the share goes ex-bonus because otherwise they cannot clear out of the equivalent long ex-bonus positions without taking delivery until the company's book closure for bonus. Since speculative buying exists to an extent even for non-specified shares, this factor affects these shares too.

Opposed to the liquidity argument is the one based on *income-tax*. Since the tax laws permit a holder of a cum-bonus share who chooses not to do cost-averaging to claim the full loss on the sale of the same number of ex-bonus shares, there is an incentive to sell shares ex-bonus rather than cum-bonus. For example, the buyer of Fulford at Rs.330 could sell at Rs.210 and claim a capital loss of Rs.120 per share (provided he is willing to carry forward his new bonus shares at zero cost in the books). This mechanism allows an investor to defer tax (rather than save it completely). This leads to greater selling pressure after the share goes ex-bonus, which cannot explain the findings in practice.

While the event remains something of a puzzle, perhaps the most plausible reason is that of liquidity shortages and forced speculative sales. This conclusion is reinforced by two observations: first, that the abnormal price jumps ex-bonus are permanent jumps (this observation more or less rules out the effect of small investor purchases); second, when speculative buying is reduced as in a bad market, there is little difference between the actual ex-bonus price and its predicted level. The implication for investors is clear. In a good market, buying cum-bonus pays.

■ RAFIQ DOSSAN

Name	Bonus	Ex-bonus date	Price cum-bonus	Price ex-bonus	One-day rate of return (%)
PIL	1:2	10 June	890.00	600.00	1.1
MATHER & PLATT	3:5	24 June	87.50	58.75	7.4
SAMTEL	1:3	24 June	50.00	37.50	0.0
FULFORD	1:1	11 July	355.00	210.00	27.3
ESKAYEF	1:2	16 July	155.00	112.50	8.9
FINOLEX	4:5	29 July	427.50	265.00	11.6

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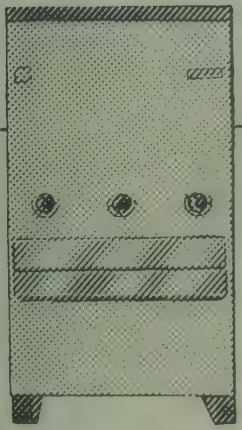

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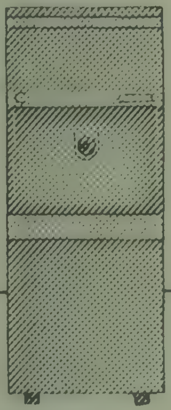

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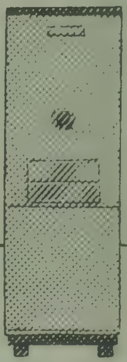

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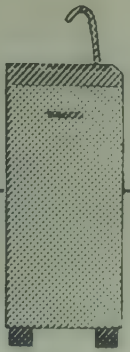

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STOCKMARKET REVIEW

Reduced uncertainty

(For the period 18 to 30 July 1988)

When a roulette wheel begins to turn, any number is an equally likely outcome for the steel ball to rest on. Hence, the odds are equal for all the numbers. But as the wheel nears the end of its rotation, a certain range of numbers becomes more likely, and the odds on each number in the viable range tend to go down even though each number in the viable range is still equally likely as any other number in that range. This often seems puzzling to novice gamblers until it is realized that bettors entering the game right at the start face the most uncertainty, while the uncertainty is progressively reduced as the speed of the wheel reduces (becoming an event of certainty at the end of the spin).

In stockmarkets, similarly, investors will pay more for lower uncertainty (and also, of course, for higher expected returns). An important uncertainty affecting Indian stockmarkets over the past few months has been a specific, time-related one — the monsoon. At the start of June, before the monsoon broke out, there were hopes of a good monsoon, but any forecast of good rains was necessarily a very risky one. As the days have progressed and have turned into weeks and then months and as it has emerged that the monsoon to date has been good, the risk associated with a bad monsoon has progressively fallen. So, even though the expectation of a good monsoon has not changed since June, the increased confidence with which it is now forecast — especially after the heavy rains of the past three weeks — means that investors face a lower risk of loss (arising from poor aggregate demand that is generated by a poor monsoon) when they buy shares. This, means that investors are willing to pay more for shares and that, in turn, is good news for stockmarkets. This factor of reduced uncertainty has probably been a major reason for the rise in stockmarkets over the past fortnight.

Aided further by the continuing flow of good corporate results, almost all hares rallied over the fortnight. As a esult, the Bombay Stock Exchange Index rose 4.7 per cent from 576.64 to 03.59, while the broader-based *Economic Times* All-India Index outpaced it with a 5.7 per cent rise from 255.3 to 269.9. The rise would perhaps have been stronger if the Bombay Stock Exchange had not been closed for three days during the fortnight due to disturbed relations between brokers and their employees' labour union. This prevented traders, fearing further closures on the same account, from trading actively, although normalcy appeared to have returned for the time being by fortnight's end. Since the forward list settlement was delayed by a week as a result, badla financiers who had earlier lent money at 12 per cent per annum saw their return reduced to a rate of 8 per cent for the period. If such an event recurs, it will lead to a rise in badla rates as financiers will want to be compensated for the extra risk of lending for longer periods than expected — an application of the same principle of the roulette wheel described above.

Although almost all shares were up, cement and fertiliser shares were in particularly strong demand since the good monsoon — apart from causing higher demand for fertilisers — is also likely to create a demand for more cement for construction and roads. In addition, Vengala Rao, the industries minister, announced that the 20 per cent levy quota on cement would be abolished soon. Madras Cement rose from Rs.575 to Rs.710, while ACC, whose managing director resigned on 27 July — paving the way for a restructuring dominated by the Tata Group — rose from Rs.218 to Rs.253. In fertilisers, Southern Petro rose from Rs.46.25 to Rs.51.50 and Gujarat State from Rs.127 to Rs.138.

The big question in the minds of investors now is whether the market is well-priced or whether substantial gains are in store. As far as the effect of the monsoon is concerned, it is rational to state that the results are not quite fully in and, hence, its progress can still have an impact on the market. Other uncertainties include the course of government tax policy and the effect of a deteriorating balance of payments position on import policy.

Automobile shares were also in demand. Part of the reason was Tata Locomotive's decision to manufacture a diesel car, a prototype of which is expected to be unveiled at the company's annual general meeting on 11 August. While this event means more competition for existing car manufacturers, it also signals Telco's belief about the expanding size of the total passenger car market — which is good news for all car makers. Premier Auto ended the fortnight at Rs.32.25, up from Rs.30. Hindustan Motors, apparently under the influence of forward purchases of over 1.5 million shares over the past fortnight, rose in spite of weak annual results to Rs.27.75 from Rs.21.25.

Active investors, on the whole, however, preferred to "play the market" rather than any particular share. Hence, most forward shares were actively traded, but tended to move with the market. This included the usual market leaders, Tata Steel, Tata Locomotive and Reliance. Tata Steel rose from Rs.770 to Rs.826.50 and Tata Locomotive from Rs.645 to Rs.665. Reliance Industries, meanwhile, was also steady at Rs.205, up from Rs.200 on active trading. The wholesale marketing of its mega-issue of Rs.600 crores for Reliance Petrochemicals has begun, and the issue will open for the public on 22 August. The issue already attracts an unofficial premium of Rs.60 on a Rs.200 convertible debenture. The company, which will manufacture polymers — with a gestation of at least three years — has sought to make its issue immediately attractive by deciding to also trade in imported polymer resins.

The big question in the minds of investors now is whether the market is well-priced or whether substantial gains are in store. As far as the effect of the monsoon is concerned, it is rational to state that the results are not quite fully in and, hence, its progress can still have an impact on the market, although a substantial effect has already occurred. Other uncertainties include the course of government tax policy and the effect of a deteriorating balance of payments position on import policy. Marketmen, who often live for the day — but, in so doing, survive many a year — seem unusually sanguine. ■

RAFIQ DOSSANI

STOCKMARKETS

Company (Face value)	Year ended	Eq	Res	Book value (Rs.)	Market Price (Rs.) on 29.7.88	1988		EPS (%)	PE (times)	Last div. (%)	Yield (%)	Last bonus Yr.Ratio
		(Rs in crores)				High	Low					
ALUMINIUM		48.59	207.24		224.75*			36.69	11.14		3.36	
Alum Ind (10)	03/87	2.70	0.20	10.74	3.00	5.75	3.00	-87.04	0.00	0.00	0.00	66 1:7
Hindalco (10)	12/87	13.39	166.64	134.45	92.00	93.00	73.00	104.63	8.79	22.50	2.45	86 1:2
Indal (10)	12/86	32.50	40.40	22.43	31.00	34.00	25.50	18.98	16.33	14.00	4.52	77 2:5
AUTO-ANCILLARIES		68.80	70.62		321.78*			30.51	15.33		2.32	
Auto Corp (10)	03/88	2.35	3.58	25.23	36.00	50.00	31.50	63.40	5.68	20.00	5.56	
Bharat Gears (10)	07/87	4.01	6.98	27.41	14.00	18.00	12.00	20.95	6.68	12.50	8.93	
Gabriel (10)	05/86	2.64	3.26	22.35	18.00	23.00	16.50	41.29	4.36	10.00	5.56	78 3:2
Goetze (10)	06/87	6.92	10.22	24.77	33.00	33.00	25.00	44.08	7.49	22.00	6.67	
Hind Ferodo (10)	12/87	5.50	1.19	12.16	19.00	22.00	16.00	13.45	14.12	5.00	2.63	83 4:5
Kalyani Brks (10)	06/87	3.90	0.00	10.00	20.50	28.00	14.75	0.00	0.00	0.00	0.00	
Mico (100)	12/86	38.04	35.99	194.61	600.00	630.00	447.50	32.60	18.41	10.00	1.67	86 1:1
Sund Fast (10)	03/86	3.19	8.67	37.18	66.00	71.00	52.00	35.42	18.63	20.00	3.03	81 2:3
ZF Steering (10)	06/87	2.25	0.73	13.24	55.00	67.00	32.00	11.11	49.50	0.00	0.00	
AUTO-CAR JEEP TRAC		65.66	183.44		248.23*			40.69	9.25		4.13	
Hind Motors (10)	03/87	26.35	57.33	31.76	27.75	28.00	15.50	21.59	12.85	10.00	3.60	86 1:1
Mah & Mah (10)	10/87	19.26	70.79	46.75	58.50	63.00	50.50	57.58	10.16	22.00	3.76	84 2:3
Prem Auto (100)	06/87	16.20	42.55	36.27	33.25	39.00	21.50	53.21	6.25	18.00	5.41	1:1
Punjab Trac (10)	11/86	1.54	8.79	67.08	43.00	44.00	15.00	27.92	15.40	15.00	3.49	81 2:5
Stan Motors (10)	12/86	2.31	3.98	27.73	8.50	10.00	8.25	44.16	1.93	10.00	11.76	
AUTO-LIGHT TRUCK		58.52	52.25		90.70*			-6.89	0.00		0.90	
Allwyn Nis (10)	06/86	16.54	0.00	10.00	8.25	11.00	3.76	0.00	0.00	0.00	0.00	
Bajaj Tempo (10)	09/87	6.60	42.10	73.79	76.25	95.00	64.00	26.21	29.09	12.50	1.64	85 1:1
DCM Toyo (10)	06/87	15.00	0.15	10.10	9.00	13.50	6.50	0.00	0.00	0.00	0.00	
Eicher Mot (10)	04/86	9.90	10.00	20.10	7.00	10.00	5.00	0.00	0.00	0.00	0.00	
Swaraj Maz (10)	12/86	10.48	0.00	10.00	6.00	7.00	3.50	-54.96	0.00	0.00	0.00	0:0
AUTO-HVY TRUCK		84.36	243.09		508.05*			39.02	15.43		0.96	
Ash Leyland (10)	12/86	21.38	68.18	41.87	41.75	42.00	29.00	27.91	14.96	16.00	3.83	78 1:2
Telco (100)	03/88	62.97	174.91	377.77	665.00	701.00	340.00	42.80	15.54	2.30	0.35	82 2:5
AUTO 2/3 WHEEL		67.88	236.64		194.46*			117.53	2.11		9.07	
A.P. Scooters (10)	07/86	9.12	0.24	10.26	4.50	18.00	2.00	40.02	1.12	0.00	0.00	
Bajaj Auto (100)	06/87	18.82	174.99	1029.81	250.00	260.00	187.50	343.04	0.73	80.00	32.00	84 1:1
Enfield (10)	06/87	5.04	0.04	10.08	11.15	11.50	8.25	-158.53	0.00	15.00	13.45	84 1:1
Hero Honda (10)	06/86	12.00	1.15	10.96	17.00	23.50	15.50	9.58	17.74	0.00	0.00	
Kinetic Eng (10)	06/87	1.20	14.89	134.08	222.50	285.00	161.25	204.17	10.90	30.00	1.35	83 1:1
Kinetic Honda (10)	01/87	10.00	2.35	12.35	25.00	35.50	16.00	-45.60	0.00	0.00	0.00	
Maha Scoot (10)	06/87	2.86	18.46	74.55	182.50	215.00	80.00	441.61	4.13	35.00	1.92	1:1
Sund Clay (10)	05/87	1.14	24.00	220.53	36.50	57.50	29.25	563.16	0.65	40.00	10.96	83 1:1
TVS Suzuki (10)	08/86	7.70	0.52	10.68	12.00	16.50	8.00	19.09	6.29	0.00	0.00	
BEARINGS		33.17	35.22		208.75*			37.74	16.67		1.67	
Anti-Friction (10)	03/88	3.23	3.75	21.61	17.50	22.00	10.00	49.23	3.56	9.00	5.14	83 1:2
Asso Bear (100)	12/86	12.35	22.33	280.81	1490.00	1490.00	1058.00	74.74	19.94	20.00	1.34	86 2:5
Bimetal (10)	06/86	1.91	6.70	45.08	57.50	67.50	50.00	71.73	8.02	20.00	3.48	81 1:2
Fag Prec (100)	12/87	3.36	3.35	199.70	122.50	125.00	105.00	9.82	12.47	10.00	8.16	
Karna Ball (10)	06/86	12.32	-0.91	9.26	3.24	7.00	2.50	0.00	0.00	0.00	0.00	
CEMENT		137.86	335.54		329.96*			18.67	9.84		5.70	
ACC (100)	07/86	39.88	110.73	377.66	253.00	265.50	134.00	21.59	11.72	2.50	0.99	86 1:5
Andhra Cem (10)	03/87	11.93	11.54	19.67	11.50	14.50	8.00	5.78	19.88	10.00	8.70	67 1:2
Bagalkot (10)	12/87	3.03	7.94	36.20	32.00	34.00	18.00	35.31	9.06	20.00	6.25	
Birla Jute (10)	03/88	20.37	84.42	51.44	41.50	46.50	33.00	43.25	9.60	14.00	3.37	86 1:1
Guj. Ambuja (10)	06/86	17.91	0.00	10.00	16.50	17.00	12.00	0.00	0.00	0.00	0.00	
India Cem (10)	03/87	4.90	19.42	49.63	19.00	22.00	13.50	34.90	5.44	12.00	6.32	70 2:5
Mad Cem (100)	12/87	3.02	18.62	716.56	710.00	730.00	305.00	-153.31	0.00	25.00	3.52	
Mang Cem (10)	12/87	7.11	11.01	25.49	21.50	22.00	13.00	23.91	8.99	15.00	6.98	
Mysore Cem (10)	06/87	4.98	16.25	42.63	26.50	27.00	18.00	30.92	8.57	175.00	66.04	85 2:5
Narm Cem (10)	12/86	13.99	0.15	10.11	4.25	7.25	4.00	-22.66	0.00	0.00	0.00	
Orissa Cem (10)	12/87	5.40	31.58	68.48	32.00	34.00	14.75	79.63	4.02	20.00	6.25	1:1
Rassi Cem (10)	06/86	5.34	23.88	54.72	17.00	21.00	13.00	95.69	1.78	18.00	10.59	
CHEMICALS		245.94	360.07		1174.34*			61.12	7.70		3.71	
BASF (10)	12/87	3.01	11.14	47.01	114.00	127.00	92.50	68.44	16.66	20.00	1.75	1:2
Bayer (100)	12/87	16.22	11.18	168.93	355.00	370.00	145.00	27.13	13.09	16.00	4.51	1:1
Cem & All (100)	12/87	2.60	4.88	287.69	132.50	162.50	122.50	35.00	3.79	18.00	13.58	82 1:3
Chloride (10)	08/86	12.91	16.22	22.56	64.00	80.00	60.00	69.48	9.21	31.00	4.84	3:5
Citurgia (10)	03/87	5.25	7.05	23.43	75.00	75.00	60.00	46.29	16.20	22.00	2.93	
Deepak Nit (10)	10/87	2.43	4.00	26.46	39.00	44.00	29.00	39.92	9.77	15.00	3.85	86 1:2
Gujarat Alk (10)	03/87	17.48	29.77	27.03	51.50	51.50	29.50	17.33	29.71	26.00	5.05	85 1:5
Gujarat Petro (10)	05/87	3.82	1.00	12.62	26.25	33.00	12.50	35.34	7.43	12.50	4.76	
Herdillia (10)	06/87	7.35	17.03	33.17	58.00	58.00	39.00	60.41	9.60	21.00	3.62	
Hico Prod (10)	12/87	3.30	4.64	24.06	16.00	25.00	13.00	24.24	6.60	10.00	6.25	
IEL (10)	09/87	40.87	72.49	27.74	35.50	44.00	30.00	12.36	28.73	12.50	3.52	1:3
Ind Oxygen (10)	09/87	14.60	13.72	19.40	33.00	40.50	28.50	21.58	15.30	16.00	4.85	1:3
Indrol (10)	06/87	5.09	9.41	28.49	170.00	215.00	81.25	56.78	29.94	20.00	1.18	1:1
ION Exch (10)	03/86	1.15	1.15	20.00	48.75	112.50	47.50	95.65	5.10	20.00	4.10	3:5
Max India (10)	09/86	2.00	0.28	11.40	36.00	45.00	32.00	46.00	7.83	15.00	4.17	
Modi Alkalies (10)	04/87	11.66	0.16	10.14	6.50	7.50	3.00	542.28	0.12	0.00	0.00	
Nat Perox (100)	03/87	2.30	7.97	446.52	900.00	128.00	6.00	110.43	8.15	30.00	3.33	
Nocil (100)	12/87	3.60	5.56	254.44	477.50	525.00	390.00	48.06	9.94	20.00	4.19	86 1:2
PIL (100)	12/87	28.96	14.00	148.34	630.00	630.00	293.04	52.31	12.04	28.00	4.44	1:2
Punjab Alk (10)	06/87	10.25	0.21	10.20	7.50	10.00	5.75	-14.73	0.00	0.00	0.00	
Syn & Chem (100)	03/87	5.81	4.37	175.22	34.00	39.00	29.50	20.83	1.63	15.00	44.12	
Tata Chem (10)	03/87	27.19	102.12	47.56	74.00	78.00	59.00	83.12	8.90	25.00	3.38	85 2:5
Tuti Alkalies (10)	12/86	12.93	0.00	10.00	16.00	20.00	11.00	-5.41	0.00	0.00	0.00	
Vam Org (10)	04/87	5.16	11.72	32.71	92.00	101.00	75.00	69.96	13.15	25.00	2.72	84 3:5
CIGARETTES		46.80	70.48		173.03*			49.32	7.50		7.85	
Godfrey Phil (10)	12/87	2.60	3.25	22.50	17.50	20.00	10.00	33.46	5.23	25.00	14.29	75 1:1
GTC (10)	06/87	5.00	9.32	28.64	14.00	16.00	12.00	39.40	3.55	25.00	17.86	1:4
ITC (10)	06/87	33.17	45.91	23.84	44.50	46.00	30.00	52.58	8.46	30.00	6.74	81 1:5
VST Ind (10)	09/87	6.03	12.00	29.90	23.00	31.50	19.00	46.43	4.95	29.00	12.61	77 3:5

Note: Eq: equity capital; Res: reserves; EPS: earnings per share; PE: price to earnings; Div: dividend; Yr: year;
*market capitalisation in Rs crores.

Company (Face value)	Year ended	Eq	Res	Book value (Rs.)	Market Price (Rs.) on 29.7.88	1988		EPS (%)	PE (times)	Last div. (%)	Yield (%)	Last bonus Yr.Ratio
		(Rs in crores)				High	Low					
COMPUTERS		9.85	8.85		63.46*			28.22	18.23		4.94	
ICIM (10)	12/87	4.13	5.25	22.71	32.00	40.50	23.00	9.20	34.78	16.00	5.00	
P.S.I. Data (10	06/88	1.34	0.57	14.25	10.25	25.50	10.50	18.66	5.49	17.00	16.59	0:0
Tata Unisys (10)	12/86	4.38	3.03	16.92	88.75	115.00	65.00	49.09	18.08	40.00	4.51	2:5
CONSTRUCTION		18.72	66.78		101.62*			55.18	8.27		3.66	
Cemindia (10)	09/87	1.28	4.79	47.42	90.00	117.50	85.00	101.56	8.86	27.00	3.00	84 3:5
Gammon (10)	07/87	2.16	13.43	72.18	80.00	92.00	31.00	16.20	49.37	15.00	1.88	82 2:5
Hind-Dorr-Ol (10)	11/87	2.37	10.80	55.57	120.00	212.50	120.00	161.60	7.43	37.50	3.12	86 1:1
Hind Const (10)	07/87	6.30	17.11	37.16	10.00	10.00	4.00	-30.95	0.00	15.00	15.00	83 1:1
SAE (10)	12/87	1.80	10.51	68.39	156.25	173.75	125.00	227.78	6.86	25.00	1.60	83 1:1
W.I.E. (10)	03/87	4.81	10.14	31.08	20.50	26.00	18.00	56.13	3.65	16.00	7.80	1:1
COSME & TOILET		134.11	140.12		1216.26*			52.44	17.29		3.36	
Colgate (10)	12/84	15.72	6.37	14.05	223.75	227.50	168.75	63.23	35.39	52.00	2.32	1:1
Hind Lever (10)	12/87	93.32	90.17	19.66	69.50	74.50	31.00	49.82	13.95	25.00	3.60	1:1
Lakme (10)	06/87	1.83	5.81	41.75	76.25	95.00	58.75	51.91	14.69	25.00	3.28	85 2:5
Oswal Agro (10)	06/87	11.02	10.96	19.95	85.00	89.50	50.00	73.05	11.64	50.00	5.88	
Ponds (10)	06/87	5.88	8.60	24.63	157.50	178.50	132.50	61.39	25.65	40.00	2.54	84 1:1
Tomco (25)	03/87	6.34	18.21	96.81	62.00	86.00	58.00	20.35	12.19	15.00	6.05	81 2:5
COTT & WOL TEXT		92.70	277.99		485.62*			82.24	6.37		3.22	
Ahm Calico (125)	06/87	13.56	16.43	276.46	28.00	41.00	25.00	134.66	0.17	0.00	0.00	77 1:7
Bom Dyeing (10)	03/88	11.24	55.99	59.81	115.00	159.50	94.00	172.15	6.68	30.00	2.61	79 1:1
Khatau Spg (100)	12/86	3.37	7.01	308.01	70.00	115.00	65.00	19.88	3.52	10.00	14.29	79 1:2
Madura Cots (10)	06/87	21.81	33.74	25.47	71.00	75.00	58.00	41.36	17.17	25.00	3.52	86 1:2
Mafat Fine (100)	03/87	6.48	16.38	352.78	150.00	300.00	145.00	41.36	3.63	17.00	11.33	
Mafat Ind (125)	03/87	8.10	40.71	753.24	220.00	250.00	210.00	79.88	2.20	1.76	1.00	78 1:5
Morarjee (10)	06/87	4.20	10.02	33.86	190.00	220.00	190.00	42.62	44.58	15.00	0.79	81 1:
Raymond (10)	03/87	11.24	53.80	57.86	49.00	51.00	43.00	101.16	4.84	25.00	5.10	82 1:
Shri Dinesh (100)	06/87	1.65	11.34	787.27	550.00	650.00	475.00	106.67	5.16	1.70	0.31	3:
Stan Mills (100)	12/86	11.05	32.57	394.75	255.00	300.00	190.00	44.07	5.79	16.00	6.27	82 2:
DIVERSIFIED		230.13	694.43		1402.11*			40.73	14.36		4.18	
Ahmed Adv (100)	06/86	3.46	3.18	191.91	185.00	225.00	0.00	32.95	5.61	0.00	0.00	81 1:
Century (100)	12/87	26.62	126.63	575.69	897.50	897.50	680.00	59.88	14.99	24.00	2.67	2:
D.C.M. (10)	06/87	23.02	52.94	33.00	39.25	47.50	28.50	2.13	184.39	80.00	20.38	
EID-Parry (10)	06/87	6.28	5.12	18.15	33.25	38.50	30.75	28.66	11.60	15.00	4.51	0:
Escorts (10)	12/86	21.40	54.35	35.40	49.50	54.50	36.50	35.05	14.12	22.00	4.44	3:
Forbs Camp (10)	06/87	4.25	4.59	20.80	25.25	35.00	24.00	32.00	7.89	20.00	7.92	82 2:
Hind Devel (10)	12/87	8.40	82.99	108.80	96.00	107.00	64.00	61.19	15.69	20.00	2.08	1:
Hind Allwyn (10)	07/87	18.51	10.86	15.87	11.00	12.00	7.50	16.15	6.81	15.00	13.64	
Kesoram (10)	03/88	8.85	52.00	68.76	46.50	51.50	33.50	4.07	114.31	23.50	5.05	80 1:
L & T (10)	09/87	51.99	149.70	38.79	104.00	106.00	78.50	53.14	19.57	20.00	1.92	3:
Lohia (10)	10/86	13.50	8.64	16.40	14.00	20.00	7.75	34.74	4.03	20.00	14.29	80 4:
Mac & Meg (10)	06/86	2.74	8.56	41.24	46.00	47.75	43.75	16.42	28.01	7.00	1.52	
Modi Indu (10)	09/86	2.17	12.66	68.34	50.00	88.00	39.00	162.67	3.07	12.00	2.40	1:
Rallis (100)	05/87	5.64	20.72	467.38	75.00	90.00	50.00	103.55	0.72	3.00	4.00	77 3:
Reck & Col (10)	01/88	4.19	13.30	41.74	212.50	224.00	44.50	130.55	16.28	30.00	1.41	85 1
Straw Prod (10)	12/87	10.14	34.65	44.17	41.00	41.00	31.00	40.34	10.16	20.00	4.88	72 1
Texmaco (10)	12/86	1.87	11.06	69.14	23.50	24.00	17.00	-208.56	0.00	0.00	0.00	
Voltas (100)	08/87	9.78	27.62	382.41	300.00	300.00	230.00	70.04	4.28	16.00	5.33	81 1
Zenith (10)	06/87	7.32	14.86	30.30	48.00	52.00	36.00	32.38	14.83	30.00	6.25	79 1
DYESTUFFS		16.77	26.98		53.34*			37.03	8.98		6.60	
Coates (10)	10/87	1.33	2.99	32.48	52.50	70.00	0.00	87.22	6.02	22.00	4.19	1
Col-Chem (100)	03/87	7.94	10.84	236.52	395.00	420.00	320.00	42.44	9.31	27.50	6.96	2
Ind Dyes (100)	03/87	7.50	13.15	275.33	200.00	290.00	195.00	22.40	8.93	14.00	7.00	80 1
ELECTRICALS		90.00	194.14		323.34*			32.66	10.29		4.00	
Asea (10)	12/86	3.00	4.18	23.93	53.00	68.00	33.00	16.67	31.80	15.00	2.83	80 1
Asian Cab (100)	12/86	3.03	5.00	265.02	40.00	50.50	28.00	42.24	0.95	17.00	42.50	81 1
Best & Crom (10)	12/86	4.50	17.45	48.78	37.00	38.00	29.50	20.22	18.30	15.00	4.05	82 3
Eng Elec (10)	03/87	4.50	17.83	49.62	62.25	66.00	7.50	87.33	7.13	27.50	4.42	1
GEC (10)	03/87	7.20	16.94	33.53	37.50	43.50	26.00	24.17	15.52	10.00	2.67	72 2
Genelec (10)	06/86	2.16	4.06	28.80	57.00	95.00	46.00	90.28	6.31	25.00	4.39	84 1
Hind Brown (100)	04/88	5.07	14.13	378.70	425.00	425.00	265.00	69.43	6.12	2.30	0.54	78 1
Math & Platt (10)	06/87	10.68	4.39	14.11	51.00	82.50	46.50	36.70	13.89	20.00	3.92	1
Punj Anand (10)	09/86	1.19	22.00	194.87	4.50	8.00	4.00	-170.59	0.00	5.10	11.33	
Siemens (10)	09/87	13.50	33.08	34.50	70.00	78.00	56.00	38.52	18.17	16.00	2.29	1
Stand Batt (100)	06/86	1.02	5.28	617.65	500.00	500.00	500.00	52.94	9.44	10.00	2.00	70 1
Uni Carb (10)	12/86	32.58	37.21	21.42	12.80	15.25	11.80	20.99	6.10	12.00	9.37	80 1
W.S. Insul (10)	09/85	1.57	12.59	90.19	28.00	28.00	10.00	69.43	4.03	18.00	6.43	
ELECTRICITY		71.50	306.94		131.07*			80.84	2.27		8.11	
Ahmed Elec (100)	03/87	15.24	64.75	524.87	140.00	140.00	3.46	55.64	2.52	16.00	11.43	
Andh Valley (100)	03/86	9.32	25.72	375.97	168.50	170.00	140.00	19.10	8.82	16.00	9.50	75 1
B.S.E.S. (100)	03/87	5.85	62.09	1161.37	183.75	183.75	93.00	123.08	1.49	2.00	1.09	81 1
Cal Elec (10)	03/87	16.94	62.16	46.69	17.20	18.50	12.50	55.96	3.07	16.00	9.30	
Tata Hydro (100)	03/86	6.55	18.38	380.61	175.00	200.00	140.00	18.63	9.40	16.00	9.14	75 1
Tata Power (100)	03/87	17.60	73.84	519.55	242.50	255.00	176.25	168.41	1.44	16.00	6.60	75 1
ELECTRONICS		50.62	66.95		121.96*			26.77	8.00		3.36	
Gramophone (10)	09/87	4.37	0.86	11.97	4.25	5.87	4.00	135.01	0.31	0.00	0.00	76
Nelco (100)	12/87	6.62	0.30	104.53	115.00	150.00	60.00	11.18	10.29	0.00	0.00	
Peico (10)	12/87	33.32	53.59	26.08	30.00	35.50	22.00	12.09	24.80	10.00	3.33	82
Samtel (10)	10/87	2.00	6.45	42.25	36.75	57.50	12.12	132.00	2.78	25.00	6.80	
Usha Rect (10)	12/87	4.31	5.75	23.34	12.00	19.00	11.00	5.57	21.55	6.00	5.00	80
ENGINEERING		171.19	268.37		849.95*			36.03	13.08		1.96	
Alfa Laval (10)	12/87	5.21	15.05	38.89	65.00	74.00	47.00	53.74	12.09	18.00	2.77	86
Andrew Yule (10)	03/87	9.41	22.81	34.24	16.70	24.00	16.50	27.21	6.14	10.00	5.99	67
Atlas Copco (10)	12/87	7.25	8.63	21.90	52.00	59.00	34.00	16.41	31.68	16.00	3.08	
Avery India (10)	12/87	4.20	9.34	32.24	106.00	131.00	93.00	85.71	12.37	35.00	3.30	
C.P. Tools (100)	01/87	4.57	7.57	265.65	450.00	820.00	450.00	50.77	8.86	18.00	4.00	82
Elecon Engg (10)	12/87	5.65	24.84	53.96	46.50	47.00	16.50	46.02	10.10	15.00	3.23	
Facit Asia (10)	06/86	1.91	2.17	21.36	36.00	80.00	32.00	45.55	7.90	15.00	4.17	86

Note: Eq: equity capital; Res: reserves; EPS: earnings per share; PE: price to earnings; Div: dividend; Yr: year;
*market capitalisation in Rs crores.

mpany ace value)	Year ended	Eq (Rs in crores)	Res	Book value (Rs.)	Market Price (Rs.) on 29.7.88	1988 High	Low	EPS (%)	PE (times)	Last div. (%)	Yield (%)	Last bonus Yr.Ratio
akt (10)	12/87	3.40	21.30	72.65	50.00	63.75	50.00	43.53	11.49	20.00	4.00	1:3
KW (10)	12/86	24.00	20.60	18.56	7.50	10.10	6.25	2.16	34.70	5.00	6.67	83 1:3
EC (10)	01/88	1.11	0.31	12.79	5.00	19.50	5.00	299.10	0.00	12.00	24.00	85 3:5
c Sewing (10)	06/86	2.00	7.43	47.15	48.00	56.25	43.00	327.00	1.47	20.00	4.17	
ger Rand (10)	12/86	7.90	13.25	26.77	272.50	335.00	215.00	97.09	28.07	25.00	0.92	85 1:1
ivinator (10)	06/87	3.55	19.61	65.24	72.00	72.00	35.00	72.11	9.98	15.00	2.08	84 1:1
r Cumm (100)	09/87	26.40	37.16	240.76	55.00	59.00	24.00	38.07	1.44	2.00	3.64	1:1
r Oil (10)	06/87	5.75	11.55	30.09	16.75	19.00	13.00	59.83	2.80	12.50	7.46	3:7
r Pneu (10)	09/87	3.85	3.36	18.73	34.00	36.50	16.00	18.44	18.44	12.50	3.68	
SB Pumps (10)	12/87	4.35	11.98	37.54	290.00	425.00	215.00	123.45	23.49	20.00	0.69	86 1:1
etalbox (10)	03/87	14.68	6.68	14.55	6.00	7.00	4.50	9.60	6.25	0.00	0.00	
odi Xerox (10)	04/87	17.45	0.00	10.00	35.00	37.50	21.50	8.31	42.12	0.00	0.00	
ps (10)	11/87	5.04	9.61	29.07	185.00	215.00	162.50	75.79	24.41	25.00	1.35	85 1:1
em Rand (10)	03/87	2.87	3.77	24.12	28.00	29.00	24.00	35.58	7.87	18.00	6.43	1:2
andvik (100)	12/86	5.77	5.13	188.91	600.00	740.00	600.00	27.90	21.50	2.00	0.33	84 1:1
eta Robins (10)	03/88	2.01	3.77	28.76	34.50	45.00	29.00	53.73	6.42	18.00	5.22	77 1:4
Valchand (10)	09/87	3.00	2.45	18.17	9.50	12.00	9.00	13.33	7.12	16.00	16.84	82 1:2
ERTILISERS		217.03	424.71		1208.55*			65.14	8.55		4.60	
oromandel (10)	03/87	24.32	38.31	25.75	26.00	35.00	21.00	41.86	6.21	80.00	30.77	1:2
eepak Fert (10)	12/86	11.50	5.32	14.63	37.00	45.00	23.00	58.78	6.29	15.00	4.05	
haram Mor (50)	12/87	6.42	9.77	25.22	22.25	25.00	14.00	12.77	17.42	10.00	4.49	2:5
NFC (10)	06/86	88.99	93.05	20.46	48.00	51.00	26.50	71.93	6.67	18.00	3.75	
SFC (10)	12/87	26.95	149.15	65.34	138.00	140.00	93.50	129.87	10.63	30.00	2.17	3:10
angal Fert (10)	12/86	12.42	13.87	21.17	28.00	34.00	15.50	87.44	3.20	12.00	4.29	
PIC (10)	12/87	34.00	67.09	29.73	51.50	60.00	22.75	14.91	34.54	15.00	2.91	86 1:1
ari Agro (10)	12/86	12.43	48.15	48.74	64.00	67.00	34.00	69.75	9.18	25.00	3.91	
OOD PRODUCTS		67.71	115.14		706.36*			81.91	12.74		2.86	
itannia (10)	11/87	12.38	20.97	26.94	89.00	91.00	80.00	63.73	13.96	24.00	2.70	2:5
rn Prod (10)	09/87	0.75	1.01	23.47	25.00	42.50	23.00	22.67	11.03	14.00	5.60	14:9
od Special (10)	12/87	19.20	19.62	20.22	130.00	138.75	52.50	55.57	23.39	25.00	1.92	1:1
nd Cocoa (10)	06/87	8.40	7.47	18.89	82.50	91.25	18.12	53.10	15.54	30.00	3.64	1:1
MM (10)	04/87	14.18	8.12	15.73	131.50	145.00	66.25	149.44	8.80	55.00	4.18	1:1
Dowell (10)	06/87	6.40	42.05	75.70	82.50	92.50	72.00	109.22	7.55	15.00	1.82	86 1:1
lk Food (10)	12/88	1.14	3.75	42.89	132.50	135.00	75.00	91.23	14.52	15.00	1.13	1:1
ol Brew (10)	06/87	1.26	2.62	30.79	47.50	54.00	45.00	-65.87	7.21	20.00	4.21	82 2:5
ited Brew (10)	06/87	4.00	9.53	33.82	37.60	40.75	36.50	55.50	6.77	15.00	3.99	1:1
ON & STEEL		186.21	544.18		1363.12*			63.40	11.55		0.64	
ar Alloy (10)	12/87	7.80	10.90	23.97	17.00	20.00	12.25	15.26	11.14	0.00	0.00	
ata (10)	12/86	12.00	0.00	10.00	10.00	15.50	9.00	0.00	0.00	0.00	0.00	
dal Iron (10)	09/87	1.80	0.22	11.22	14.00	15.50	8.50	2.78	50.40	10.00	7.14	
lyani Steel (10)	08/87	1.01	8.66	95.74	305.00	360.00	255.00	347.52	8.78	50.00	1.64	1:2
h Ugine (10)	06/87	7.30	17.76	34.33	52.00	62.50	15.00	67.81	7.67	20.00	3.85	
kand (10)	06/87	9.82	15.27	25.55	85.50	97.00	72.50	81.36	10.51	18.00	2.11	1:2
thi Alloys (10)	06/87	2.88	4.36	25.14	33.00	36.50	15.00	9.38	32.00	10.00	3.03	
ac Steel (100)	12/87	7.59	10.68	240.71	650.00	737.50	590.00	104.74	6.21	15.00	2.31	
co (100)	03/88	136.01	476.33	450.22	826.25	163.23	570.75	67.75	12.20	2.50	0.30	2:5
ASING & FIN		33.84	38.48		66.48*			40.57	4.84		10.21	
h Cent (10)	11/86	6.34	10.86	27.13	25.50	28.50	16.00	59.78	4.27	27.00	10.59	85 2:5
ce (10)	07/86	4.76	0.21	10.44	8.00	10.00	6.00	12.61	6.35	15.00	18.75	
t Lees (10)	11/87	3.79	8.22	31.69	15.00	27.50	14.00	50.40	2.98	25.00	16.67	
zda Leas (10)	06/87	4.32	2.32	15.37	16.00	19.50	14.00	45.37	3.53	25.00	15.62	
garju Fin (10)	09/86	2.44	1.92	17.87	12.00	13.00	10.50	54.92	2.19	23.00	19.17	
es Leas (10)	09/86	2.46	1.66	16.75	8.00	10.00	7.00	50.41	1.59	23.00	28.75	
s Mur (10)	06/87	3.73	3.29	18.82	15.00	16.00	10.50	46.65	3.22	26.00	17.33	
nd Fin (10)	03/87	6.00	8.00	23.33	39.00	39.00	25.50	19.17	20.35	4.00	1.03	1:1
NTS		17.00	39.35		216.52*			84.41	15.09		2.12	
an Paints (10)	12/87	12.44	32.88	36.43	157.50	167.50	135.00	100.80	15.62	30.00	1.90	1:2
wa Paints (10)	06/87	1.32	2.09	25.83	21.00	25.50	21.00	25.00	8.40	15.00	7.14	81 1:4
od Nerol (10)	06/86	3.24	4.38	23.52	55.00	65.00	34.00	45.68	12.04	20.00	3.64	78 5:7
PER		42.83	130.77		137.36*			40.44	7.93		5.46	
lh Paper (100)	06/86	5.62	11.25	300.18	67.50	80.00	60.00	43.24	1.56	16.00	23.70	80 1:4
rishna (10)	03/87	1.20	5.72	57.67	58.00	72.50	57.50	199.17	2.91	22.00	3.79	85 1:1
arpur Ind (10)	06/87	13.98	65.70	57.00	46.00	46.00	33.00	35.26	13.04	22.00	4.78	81 1:5
drachal (10)	09/87	10.57	17.71	26.75	24.25	29.00	24.25	41.63	5.83	20.00	8.25	
nt (10)	03/87	11.46	30.39	36.52	32.00	74.00	24.25	27.66	11.57	10.00	3.12	1:2
TICIDES		7.90	10.42		39.25*			-27.97	0.00		1.67	
al Ind (10)	09/87	2.62	7.12	37.18	53.00	59.50	31.00	22.90	23.14	10.00	1.89	84 4:5
m (10)	09/87	1.28	3.18	34.84	176.25	195.00	130.00	170.31	10.35	30.00	1.70	1:1
ro (10)	09/86	4.00	0.12	10.30	4.50	5.00	4.00	-124.75	0.00	0.00	0.00	
RMACEUTICALS		169.76	249.80		1030.26*			35.74	17.92		4.75	
ot Lab (10)	11/87	2.25	1.62	17.20	39.00	53.00	39.00	-8.89	0.00	0.00	0.00	
rbic Ch (100)	12/87	2.57	0.28	110.89	167.50	180.00	135.00	30.35	5.52	15.00	8.96	
ial Sar (10)	06/86	22.20	2.53	11.14	12.75	16.00	10.16	45.72	2.79	0.00	0.00	81 1:5
s Idl (10)	06/87	2.50	2.24	18.96	29.00	35.00	27.00	27.20	10.66	10.00	3.45	
ringer (10)	04/87	1.00	1.15	21.50	81.25	82.50	46.00	-21.00	0.00	10.00	1.23	
s (10)	12/88	8.10	4.93	16.09	95.00	117.00	63.00	38.15	24.90	32.00	3.37	1:1
oughs (10)	08/87	3.00	11.76	49.20	150.00	170.00	104.00	39.33	38.14	15.00	1.00	84 2:1
rck (10)	12/87	5.94	5.04	18.48	58.00	59.00	3.98	22.22	26.10	16.00	2.76	3:5
yef (10)	12/87	12.36	30.44	34.65	122.50	220.50	122.50	87.77	13.96	220.00	17.96	
han Rem (10)	12/87	3.26	4.92	25.09	64.00	64.00	30.00	28.53	22.43	10.00	1.56	82 3:5
s (10)	06/86	20.00	26.48	23.24	61.00	71.00	58.50	14.75	41.36	18.00	2.95	80 1:3
Ciba (100)	12/87	17.71	31.79	279.50	505.00	520.00	332.50	38.17	13.23	20.00	3.96	80 1:2
hst (100)	12/87	9.57	25.38	384.99	540.00	610.00	440.00	18.39	29.36	10.00	1.85	82 1:2
nt Vit (10)	06/87	3.88	3.87	19.97	38.00	40.00	9.44	19.33	19.66	21.00	5.53	2:5
S. Baker (10)	12/87	4.50	8.38	24.18	47.50	52.00	33.00	31.78	14.95	10.00	2.11	
ed (10)	12/86	1.80	1.71	19.50	28.00	38.00	28.00	9.44	29.65	10.00	3.57	
ies Lab (10)	06/87	1.46	1.63	21.16	47.00	58.00	42.00	17.81	26.39	18.00	3.83	
e Devis (10)	11/86	2.36	3.79	21.28	36.00	41.00	33.00	37.80	9.26	25.00	7.14	

Eq equity capital, Res reserves; EPS earnings per share; PE: price to earnings; Div: dividend; Yr: year;
ket capitalisation in Rs crores.

Company (Face value)	Year ended	Eq (Rs in crores)	Res	Book value (Rs.)	Market Price (Rs.) on 29.7.88	1988 High	Low	EPS (%)	PE (times)	Last div. (%)	Yield (%)	Last bonus Yr.Ratio
Pfizer (10)	11/87	14.06	22.67	26.12	63.00	79.00	55.50	2.28	276.81	10.00	1.59	77 4:5
Ranbaxy (10)	12/87	3.43	12.23	45.66	76.50	163.50	75.50	74.93	10.21	20.00	2.61	80 1:1
Rich Hind (10)	06/87	3.71	6.50	27.52	280.00	305.00	255.00	101.89	27.48	45.00	1.61	85 1:2
Sandoz (10)	12/87	5.30	19.68	47.13	67.00	80.00	59.00	23.21	28.87	16.00	2.39	84 2:7
Searle (10)	12/87	3.47	14.56	51.96	157.50	157.50	90.00	80.40	19.59	20.00	1.27	86 1:1
Unichem (100)	09/87	1.35	4.83	457.78	39.00	39.00	10.66	43.70	0.89	2.00	5.13	1:2
Warner Hind (10)	11/86	2.98	3.41	21.44	42.50	90.00	40.00	63.76	6.67	25.00	5.88	3:10
PLASTICS		19.61	39.05		99.20*			43.04	11.75		2.97	
Bajaj Plas (10)	12/87	1.50	4.94	42.93	23.50	29.00	21.00	12.00	19.58	20.00	8.51	86 1:1
Bake Hylam (10)	06/87	4.50	8.21	28.24	26.00	27.50	15.00	23.78	10.93	16.00	6.15	80 2:3
Garwa Plas (10)	06/87	5.81	15.34	36.40	80.00	88.00	72.00	75.73	10.56	20.00	2.50	
Sup Indus (100)	06/87	1.80	5.30	394.44	1550.00	2050.00	1525.00	106.67	14.53	3.00	0.19	4:5
V.I.P. Ind (10)	07/87	6.00	5.26	18.77	16.00	22.00	12.75	14.50	11.03	12.00	7.50	0:0
SHIPPING		113.83	64.26		236.81*			39.76	5.23		6.09	
Dempo St (100)	06/85	2.00	-9.83	-391.50	5.00	65.00	5.00	0.00	0.00	0.00	0.00	
Essar Ship (10)	12/87	35.35	38.00	20.75	19.50	26.50	15.50	22.07	8.84	20.00	10.26	
Great East (10)	06/87	51.73	29.01	15.61	30.00	33.75	21.25	13.15	22.82	12.50	4.17	83 2:3
India Steam (10)	03/87	5.81	3.77	16.49	7.00	8.40	4.15	20.83	3.36	15.00	21.43	
Scindia (10)	06/86	18.94	3.31	11.75	4.50	5.00	1.50	155.49	0.29	0.00	0.00	3:10
SYNTHETIC TEXT		237.32	709.57		2113.97*			18.87	29.65		2.37	
Baroda Ray (100)	06/87	12.14	18.84	255.19	245.00	282.50	155.00	-46.71	0.00	18.00	7.35	82 1:2
Bharat Com (10)	12/85	3.75	4.90	23.07	15.25	19.00	0.00	17.07	8.94	0.00	0.00	82 1:2
Cen Enka (100)	12/87	16.62	65.10	491.70	1480.00	1500.00	771.00	84.30	17.56	38.00	2.57	85 1:2
Garware Nyl (10)	08/87	9.72	13.30	23.68	42.00	43.00	20.00	2.78	151.20	15.00	3.57	82 1:2
Grasim (10)	03/88	21.59	113.77	62.70	109.00	110.00	82.50	71.10	15.33	27.50	2.52	
Indian Rayon (10)	06/88	16.17	81.32	60.29	67.00	75.00	46.00	30.80	21.75	28.00	4.18	80 1:4
IOC (10)	03/88	18.40	17.03	19.26	25.50	27.00	15.00	-60.38	0.00	15.00	5.88	85 1:2
J.K. Synth (10)	03/87	25.25	36.90	24.61	63.50	74.00	44.50	-9.50	0.00	10.00	1.57	83 1:3
Nat Ray (100)	06/87	6.01	5.39	189.68	80.00	100.00	40.00	-121.96	0.00	0.00	0.00	72 1:4
Nirlon (10)	09/86	10.46	13.04	22.47	9.50	16.00	5.00	25.81	3.68	22.50	23.68	82 1:2
Orkay (10)	03/87	24.02	44.93	28.71	28.00	50.50	17.00	32.68	8.57	20.00	7.14	
Reliance (10)	12/86	51.61	254.12	59.24	207.00	231.00	70.00	27.46	75.39	25.00	1.21	83 3:5
S.I. Viscose (100)	03/87	7.35	12.31	267.48	330.00	370.00	205.00	79.73	4.14	20.00	6.06	
Shriram Fib (10)	09/87	10.33	22.70	31.97	53.50	61.00	33.00	27.20	19.67	18.00	3.36	83 1:2
Swad Poly (10)	09/85	3.90	5.92	25.18	28.00	40.00	22.00	67.95	4.12	25.00	8.93	
TEA		120.73	273.76		963.96*			65.06	12.27		3.69	
Assam Co (10)	06/85	7.00	10.12	24.46	109.00	118.00	97.00	143.43	7.60	32.50	2.98	85 1:1
Assam Front (10)	06/86	3.00	4.93	26.43	113.00	121.00	85.00	50.67	22.30	30.00	2.65	
Bom Burm (100)	09/87	5.52	14.31	359.24	380.00	490.00	360.00	38.77	9.80	2.00	0.53	78 1:4
Brooke Bond (10)	06/87	24.52	22.90	19.34	87.00	95.00	74.50	58.74	14.81	30.00	3.45	87 3:5
Dom Dooma (10)	12/86	5.60	17.89	41.95	57.50	72.00	44.50	50.18	11.46	40.00	6.96	84 1:1
Dun Agro (100)	12/86	2.03	14.11	795.07	165.00	172.00	5.61	92.12	1.79	15.00	9.09	1:2
George Will (10)	06/87	6.30	17.72	38.13	104.00	122.00	90.00	75.71	13.74	35.00	3.37	85 4:5
Goodrickes (10)	06/87	7.20	18.25	35.35	85.00	104.00	25.00	86.39	9.849	20.00	2.35	1:1
Harrison Mal (10)	03/87	6.50	15.42	33.72	52.50	53.00	10.01	60.92	8.62	25.00	4.76	2:5
Jayashree (10)	03/86	6.15	41.00	76.67	38.00	45.00	32.00	12.20	31.16	13.00	3.42	85 1:2
Lipton (10)	06/87	15.75	8.19	15.20	63.00	66.50	52.00	40.00	15.75	20.00	3.17	
McLeod Russ (10)	06/87	6.25	17.13	37.41	90.00	130.50	90.00	80.64	11.16	45.00	5.00	1:1
Tata Tea (10)	12/87	12.20	54.82	54.93	141.00	145.00	105.00	90.49	15.58	45.00	3.19	79 1:3
Tea Estates (10)	06/87	8.80	7.77	18.83	56.25	103.00	48.50	37.61	14.95	45.00	8.00	85 1:1
Warren Tea (10)	03/87	3.90	9.20	33.59	58.00	65.00	52.00	112.05	5.18	22.50	3.88	85 1:5
TRADING		26.91	51.42		118.11*			75.59	6.81		5.01	
Batliboi (10)	09/86	2.79	4.42	25.84	14.00	16.00	12.00	15.77	8.88	15.00	10.71	0:0
Blow Plast (10)	07/87	2.00	3.60	28.00	35.00	62.50	28.00	162.00	2.16	30.00	8.57	83 2:3
Blue Star (10)	06/87	3.55	7.32	30.62	37.00	51.25	36.00	71.83	5.15	16.00	4.32	86 3:5
Grea Cott (100)	06/87	6.57	18.42	380.37	450.00	460.00	40.00	86.76	5.19	2.00	0.44	77 1:2
Shaw Wal (10)	06/87	12.00	17.66	24.72	53.75	63.50	52.00	70.08	7.67	35.00	6.51	81 1:2
TYRES & TUBES		71.54	163.77		409.84*			83.39	6.87		3.90	
Apollo Tyres (10)	10/86	7.75	0.65	10.84	27.00	36.50	25.50	120.13	2.25	0.00	0.00	
Ceat (100)	06/87	9.32	33.38	45.82	55.00	88.00	55.00	131.97	4.17	25.00	4.55	86 1:2
Dunlop (10)	03/88	18.99	57.87	40.47	75.50	83.00	71.00	106.42	7.09	30.50	4.04	
Goodyear (10)	12/87	7.48	24.67	42.98	52.00	79.00	52.00	82.22	6.32	30.00	5.77	77 2:5
J.K. Ind (10)	06/87	13.76	3.09	12.25	26.25	38.00	23.50	33.07	7.94	15.00	5.71	
Modi Rubber (10)	04/87	10.38	29.36	38.29	50.00	60.00	43.00	41.33	12.10	25.00	5.00	86 2:5
MRF (10)	09/86	3.86	14.75	48.21	174.50	180.00	131.00	73.83	23.63	25.00	1.43	75 1:2
MISCELLANEOUS		101.25	187.64		487.36*			51.34	9.39		3.63	
Bata (10)	12/87	10.50	17.17	26.35	65.00	75.00	4.06	38.67	16.81	15.00	2.31	1:1
Bharat Forge (10)	09/87	5.27	24.50	56.49	127.00	147.00	101.00	124.67	10.19	25.00	1.97	81 1:1
Consol Cof (10)	06/86	7.52	5.49	17.30	71.00	76.00	70.00	33.24	21.36	22.00	3.10	1:2
E.I. Hotels (10)	03/87	17.34	27.44	25.82	50.00	52.50	38.00	56.40	8.87	20.00	4.00	84 2:5
FGP. (10)	03/87	3.27	6.24	29.08	28.25	31.00	1.00	90.21	3.13	20.00	7.08	1:2
Hawk Cook (10)	09/87	1.84	1.92	20.43	19.50	20.00	15.00	23.37	8.34	20.00	10.26	81 3:5
Indag Rub (10)	06/86	2.75	-0.17	9.38	14.50	17.50	12.00	2.56	56.96	0.00	0.00	
Ind Foils (10)	06/86	2.62	5.59	31.34	65.00	72.50	53.00	69.08	9.41	21.30	3.28	82 1:4
Ind Cards (10)	06/87	3.25	3.32	20.22	17.00	26.00	17.00	47.69	3.56	20.00	11.76	81 1:2
Ind Hotels (10)	03/87	7.85	34.72	54.23	100.00	115.00	95.00	81.27	12.30	30.00	3.00	82 2:5
Ind Photo (10)	12/87	0.50	2.02	50.40	70.00	85.00	60.00	148.00	4.73	20.00	2.86	82 1:1
Light Met Ind (10)	03/86	7.68	0.00	10.00	7.37	9.50	7.25	0.00	0.00	0.00	0.00	
Tata Press (10)	03/87	1.25	4.47	45.76	41.00	53.75	40.00	80.80	5.07	25.00	6.10	
Tinplate (10)	03/87	10.14	6.40	16.31	20.00	37.00	15.50	29.09	6.87	10.00	5.00	
Tube Inv (10)	12/87	5.73	21.52	47.56	26.50	28.00	21.00	70.51	3.76	20.00	7.55	85 1:3
United Diam (10)	06/85	1.63	1.80	21.04	5.75	13.00	4.25	45.40	1.27	25.00	43.48	
Widia (100)	12/87	3.66	10.75	393.72	727.50	750.00	675.00	61.75	11.78	16.00	2.20	85 1:1
Wimco (10)	12/86	8.45	14.46	27.11	20.00	24.00	14.00	48.99	4.08	18.00	9.00	70 1:5
Market total average		3166.63	6876.46		17408.82*			48.39	10.84		3.41	

Note: Eq: equity capital; Res: reserves; EPS: earnings per share; PE: price to earnings; Div: dividend: Yr: year;
* market capitalisation in Rs crores.

DEPOSITS

Company fixed deposits (current for August 1988)

Name of the company	Minimum Amount	Rate of Interest		
		1 year	2 year	3 year
ACC	3000	12.00	13.00	14.00
ATIC IND	2000	—	12.00	14.00
ASIAN PAINTS	5000	14.00	14.00	14.00
ASHOK LEY	2000	—	13.50	14.00
ASEA	3000	12.00	13.00	14.00
APOLLO TYRES	5000	13.00	13.50	14.00
BAJAJ TEMPO	3000	12.00	13.00	14.00
BALLAR IND	2500	—	—	14.00
BAYER	5000	11.00	13.00	14.00
BHADRA PAPER	3000	—	—	14.00
CEAT TYRES	3000	—	12.50	14.00
CHEM & PLAST	2000	14.00	14.00	14.00
DCM LTD	5000	12.00	13.00	14.00
DUNLOP	3000	14.00	14.00	14.00
DCW LTD	3000	12.50	13.50	14.00
DCL FIN	5000	14.00	14.00	14.00
EI HOTELS	1000	14.00	14.00	14.00
E MERCK	3000	—	—	14.00
EMPIRE FIN	1000	14.00	14.00	14.00
EID PARRY	3000	—	13.00	14.00
ENFIELD FIN	2000	14.00	14.00	14.00
ENNORE FND	2000	—	13.75	14.00
FOOD SPE	5000	—	—	14.00
FIRST LEASING	2000	14.00	14.00	14.00
GKW	2000	—	—	14.00
GUJ AMBUJA	3000	—	13.50	14.00
GABRIEL	3000	—	—	14.00
GER REME	5000	—	—	14.00
GSFC	3000	10.5	11.5	13.5
HICO PROD	4000	13.50	14.00	14.00
HIND BROWN	1000	—	—	14.00
HIND SUGAR	2000	—	13.00	14.00
ICIM	3000	14.00	14.00	14.00
INDIA CEM	3000	13.00	14.00	14.00
INDIA EQPMNT	5000	—	13.00	14.00
IND CREDIT	1000	13.50	14.00	14.00
JAGAT INDUS	3000	13.00	14.00	14.00
KIR. CUMMINSS	3000	12.00	13.00	13.00
L&T	3000	11.00	12.50	14.00
MAH UGINE	3000	—	—	14.00
MAH & MAH	2000	11.00	13.00	14.00
MAD MOTOR FIN	1000	14.00	14.00	14.00
METTUR CHEM	2000	—	—	14.00
MAD REF	1000	10.50	11.50	13.00
MRF LTD	1000	12.50	13.50	14.00
MADRAS CEM	1000	12.00	13.00	14.00
NAGAR FIN	1000	14.00	14.00	14.00
NELCO	2000	—	—	14.00
OVER SANMAR	2000	14.00	14.00	14.00
PEICO	3000	—	—	14.00
PONDS	3000	—	14.00	14.00
POLYCHEM	2000	13.00	13.50	14.00
POLYOLEFINS	2000	12.50	13.50	14.00
PREMIER AUTO	3000	12.00	13.00	14.00
PREM CONS	3000	—	14.00	14.00
RAY WOOLLEN	2500	14.00	14.00	14.00
RAVALGAON	3000	—	13.00	14.00
SANDOZ	5000	14.00	14.00	14.00
SIEMENS	5000	14.00	14.00	14.00
SUNDARAM FIN	3000	12.00	13.50	14.00
SPIC	3000	—	13.50	14.00
SAIL	2000	10.50	11.50	13.00
STRAW PROD	3000	13.00	13.50	14.00
SKF INDIA	5000	—	—	14.00
SIYARAM SILKS	5000	—	—	14.00
SUND FAST	3000	—	—	14.00
SAFE LTD	2000	14.00	14.00	14.00
TATA TEA	3000	—	—	—
TATA PRESS	3000	12.00	13.00	14.00
TATA CHEM	3000	14.00	14.00	14.00
UPTRON	3000	—	13.50	14.00
VOLTAS LTD	1000	9.50	10.50	13.50
VIJAYA LEAS	1000	14.00	14.00	14.00
WEST INDIA	2000	14.00	14.00	14.00
W.S. IND	2000	13.50	14.00	14.00
ZUARI	1000	12.50	—	—
ZENITH LTD	3000	—	13.50	14.00

Cumulative deposit schemes (current for August 1988)

Name of the company	Minimum deposit	Maturity amount	Period (years)	Annual Compound rate of interest (%)
1	2	3	4	5
ASHOK LEYLAND	2000	3025	3	14.79
ACC	3000	4503	3	14.50
APOLLO TUBES	2000	3022	3	14.75
ASEA	3000	4533	3	14.93
APOLLO TYRES	3000	4533	3	14.93
BHADRA PAPER	3000	4551	3	14.50
BATA	3000	4503	3	14.90
BAJAJ TEMPO	3000	4502	3	14.49
DUNLOP	3000	4535	3	14.75
DCW LTD	3000	4533	3	14.93
DCL FIN	1000	1518	3	14.93
EI HOTELS	1000	1508	3	14.67
EID PARRY	3000	4533	3	14.75
ENFIELD FIN	1000	1518	3	14.93
ENNORE FOUND	2000	3025	3	14.79
FOOD SPECIAL	5000	7500	3	14.47
GOOD YEAR	3000	4502	3	14.49
GNFC	3000	4503	3	14.50
GUJ AMBUJA	3000	4555	3	14.80
GABRIEL	3000	4533	3	14.73
IND EQP LEA	5000	7575	3	14.90
INDU CREDIT	1000	1518	3	14.93
KIRL CUMMINS	3000	4533	3	14.75
KREST DEV	1000	1518	3	14.93
KELVINATOR	2000	3000	3	13.93
L&T	3000	4468	3	14.30
MAD MOTOR FIN	1000	1518	3	14.93
MJ PHARMA	3000	4533	3	14.73
MADRAS REFIN	2000	2956	3	13.91
MADRAS CEM	1000	1511	3	14.74
NAMDANG TEA	4000	6044	3	14.75
NELCO	2000	3022	3	14.76
OVERSEAS SANMAR	2000	3036	3	14.93
PREM CONS	3000	4533	3	14.73
PANYAM CEM	2000	3036	3	14.93
PEICO	3000	4502	3	14.49
PHILIPS CARBON	1000	1511	3	14.74
ROLLATAINERS	2000	3001	3	14.48
RAVALGAON	3000	4533	3	14.73
S&S BUSHINGS	1000	1518	3	14.93
SPIC	3000	4530	3	14.73
SAIL	2000	2950	3	14.47
SIYARAM SILKS	3000	4533	3	14.75
STRAW PROD	3000	4500	3	14.47
SAKTHI FIN	1000	1518	3	14.93
SI VISCOSE	2000	3022	3	14.73
SOUTHERN CEM	1000	1510	3	14.74
SAE INDIA	2000	3022	3	14.75
SIYARAM SILKS	3000	4533	3	14.73
SUND FAST	3000	4544	3	14.80
SAFE LTD.	2000	3030	3	—
UPTRON	3000	4533	3	14.75
WEST IND LTD	1000	1518	3	14.93
WS IND	2000	3022	3	14.75
ZUARI	2000	3023	3	14.76

Note: The list given above is selection of many companies which accept deposits from their shareholders or from the public. Companies offer somewhat lower rate compared to many quite sound private limited companies or partnerships. Readers are advised to take suitable professional advice.

MSPI

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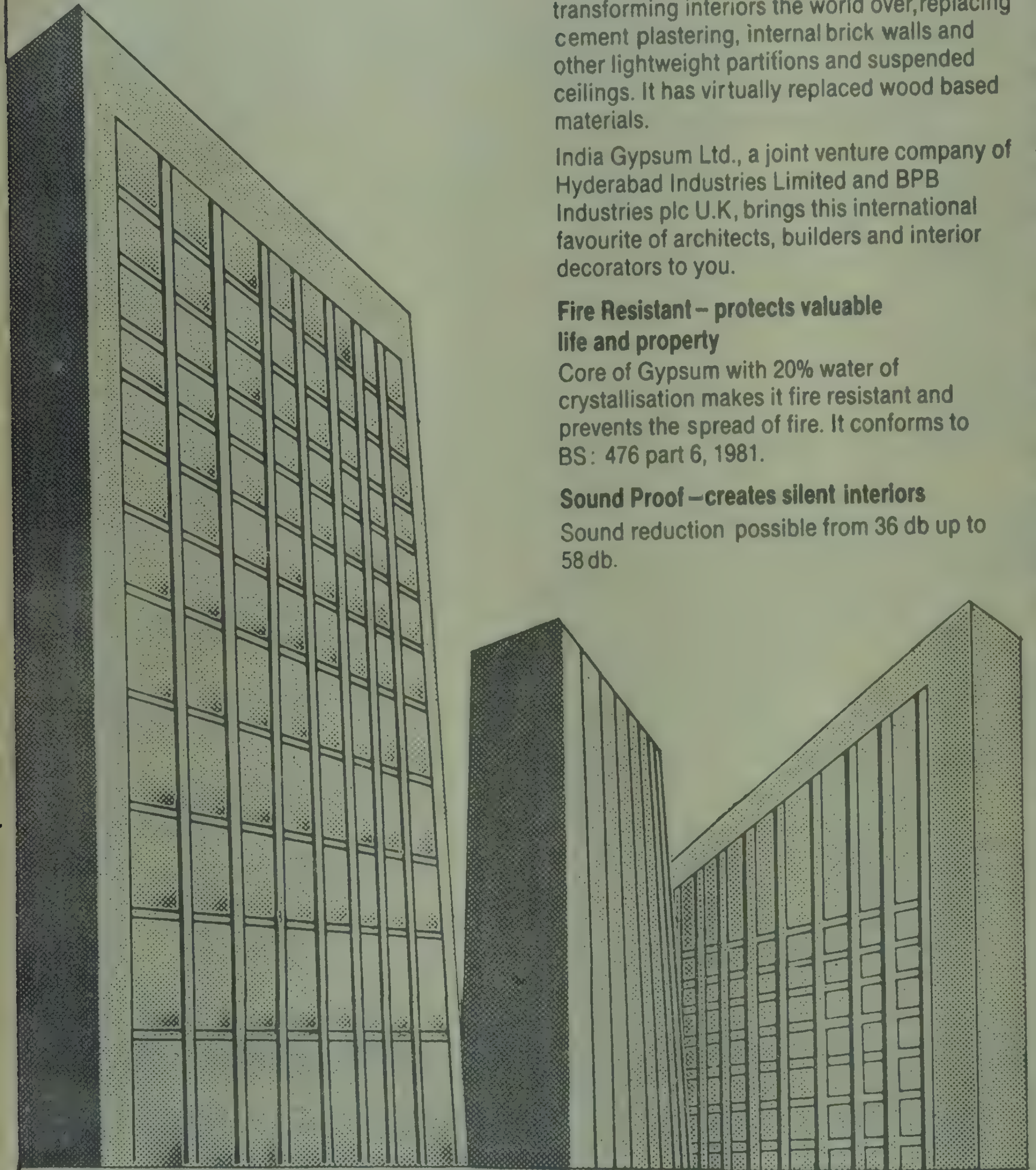

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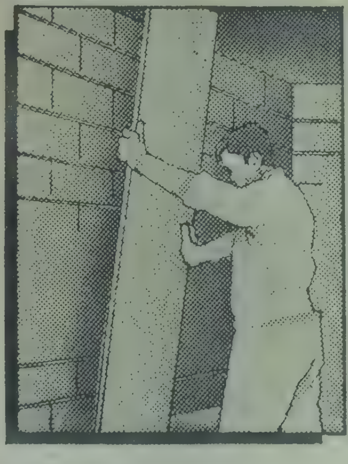

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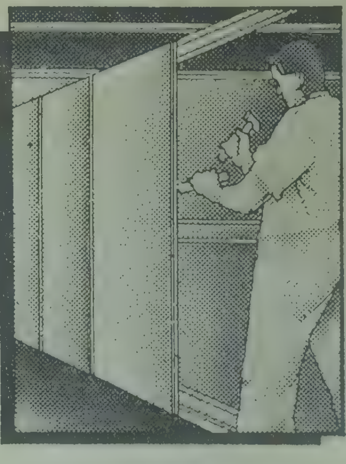

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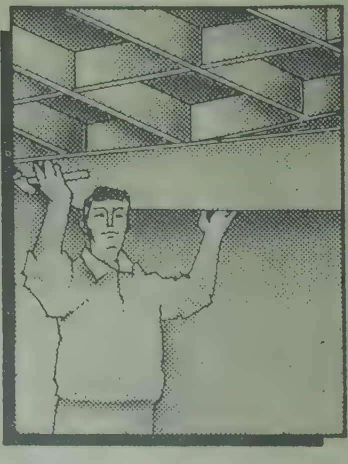

GYPBOARD Suspended ceiling

Blank again

The Rs.5,000 investor contest prize has been eluding our readers for quite some time now. IC 269 was no exception. Contestants were wide of the mark in their predictions. Only ACC (from 199 to 231) and Bombay Dyeing (135 to 117) registered a major change during the contest period. Other scrips moved within a narrow range. Yet contestants could not come up with a winner.

How to enter

On the entry form given below are listed six popular scrips. All you have to do is to use your skills to predict the prices of each of these share as on 2 September 1988, and send in your entry by 23 August 1988. The winner in accordance with the rules printed below, will get a prize of Rs.5,000. In the event there is no winner, the prize will not be carried over.

Every issue of **Business India** will contain a new contest. The entry which has all six correct answers will receive a prize of Rs.5,000. If no such entry is received, the entry which has 5 out of 6 correct answers will receive the prize. In the event of there being more than one winner, the prize will be shared equally. We repeat, if there are no winners, the prize money will not be carried forward.

Rules

1 There is no entry fee.

2 The list has been selected on the basis of what we consider are actively traded and nteresting scrips on Indian stockmarkets.

. The price mentioned last in the official uotation list of the stock exchange (if here is a series of such prices against the ame of the share) will be taken as the orrect answer. The official list of the paricular stock exchange, which will be refered to, is given against the name of each crip. If for some reason the stock-market is ither closed on 2 September 1988, or there re no transactions for the six scrips chosen elow, then the quotations for the nearest vorking day prior to 2 September 1988, vill be used

4 Variation from the correct answers are permitted within a range that is specified against the scrip.

5 Entries must be on the printed form given below. Any other entries will be disqualified.

6 Only one entry will be permitted per form.

7 Envelopes sent in should be marked Investor Contest. All entries must be received at **Business India**, Wadia Building, 17/19 Dalal Street, Bombay 400 001, by 5 pm, Tuesday, 23 August 1988.

8 **Business India** is not responsible for non-receipt of entries.

9 **Business India's** decision on the winning entries will be final and binding, and no correspondence in this regard will be entertained.

10 The contest is open to residents of India only. No employee (or any direct relation of any employee) of the **Business India** group of publications is entitled to enter the contest.

✂

ame of scrip	Stockmarket official list to be used for comparing results	Prices as on Friday 29 July 1988 (Rs.)	Variations permitted from correct prices up to (Rs.)	Prices as on Friday, 2 September 1988 (Please fill) (Rs.)
CC	Bombay	253.00	2.00	______
ajaj Auto	Bombay	250.00	2.00	______
ood Specialities	Bombay	130.00	1.50	______
NFC	Bombay	48.00	1.00	______
ind. Lever	Bombay	69.50	1.00	______
&T	Bombay	104.00	1.50	______

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IC272

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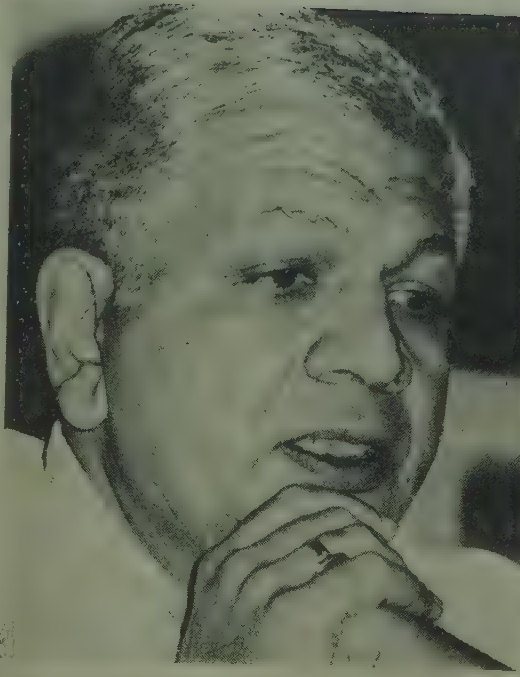
Code of self-reliance

3.K. **Bakhshi** *is director (marketing) of 'ndian Oil Corporation*



The son of parents displaced from Pakistan, B.K. Bakhshi, 52, says that one of the lessons of the partition was that you cannot survive without being self-reliant. It is a belief that he has carried with him into the professional world as well.

Need to return home. A Doon school graduate, Bakhshi got his bachelor's degree in chemical engineering from the Oklahoma Agricultural and Mechanical College. This was followed by a master's n industrial engineering from Oklahoma State University. After graduation, Bakhshi took up a job with Arthur Caldwell, a group of consulting engineers in Philadelphia. Although he found the experience rewarding, Bakhshi felt a need o return to India. "I felt I didn't belong in American society," he says. "If America was attacked by a foreign power, I'd run o the safest place — I wouldn't stand here and fight for them."

Thus, he returned to India in 1959 with hazy aspirations of being in an oil ompany because that's what was in the ews and it seemed an exciting place to be n." He joined the multinational Caltex as perations assistant, but although his our years at Caltex were materially rewarding he found no job satisfaction in it. In a multinational, the level and scope of work is limited," he says. "At Caltex, verything was organised. For every roblem there was a solution and if you idn't have a solution, all you had to do as ring up New York and they'd tell ou. As a result, you never had to think r yourself."

Firm in his belief that a person's poten-al could only be realised in a public sec-r company, Bakhshi joined Indian Oil 1963 as deputy operations manager. At e time he joined, the industry was in a ate of flux. There was enormous com-etition with the multinationals who, he ys, were trying their best to get IOC ut down by simply refusing to co-erate. With the foreign exchange unch and the devaluation of the rupee, e Indian government began to import troleum products from the USSR, in-ead of from the multinationals in the ersian Gulf.

"The multinationals in India refused to rket what they called 'red' oil and ought that with such a stance would lapse the entire Russian import," says Bakhshi. But this only made him and his colleagues take up the challenge on a war footing. "It was like an economic war of independence for us," he says. "We worked round the clock, in double shifts, and as a result our sales increased almost overnight."

Immensely satisfying. When Bakhshi joined IOC, the company's annual oil sales were 100,000 kilolitres. Today, sales average 3 million kilolitres. Says Bakhshi, "Being part of the process was immensely satisfying. Compared to Caltex, the scope of things that could be done here was beyond imagination."

As part of the practice of job rotation that is prevalent in most public sector companies, Bakhshi moved on to the personnel department. "It was my first experience in conflict management," he says. "Coming face to face with the workers' problems and aspirations helped clarify my own social and political views."

Soon after, Bakhshi was selected by the Indian government as advisor to the Iraq National Oil Company. There, he found that the Iraqis were facing some of the same conflicts with multinationals which IOC had faced at home. After a brief stay of one year he returned to India to become head of IOC's operations in the western region. During his tenure at IOC, he has worked in all four regions and headed three of them.

Setbacks. The experience helped him in 1984 when he became marketing director. He took over at a time when the self-confidence of the employees had hit rock bottom. There were several reasons for this. For one, there was the incident at the Santa Cruz airport when the fuel being pumped into an Air-India jumbo was found to contain water. About the same time, the company's cylinder bottling plant in Delhi blew up.

The second problem was external. As the first public sector company, IOC had had 100 per cent government support. But when other companies entered the public sector, Bakhshi says the government helped them grow to show them that they were better off in the public sector. "This was done through a sales-cum-marketing plan which gave them a higher rate of growth than us," he says. "So year by year, our market share started going down. On the eve of nationalisation we had 65 per cent of the market share. On the day I came here, we had only 60 per cent. We had lost 5 per cent due to conscious government policy." This too, says Bakhshi, eroded the morale of the employees at IOC.

At that time Bakhshi initiated the idea of a "retreat" — senior executives like the chairman and general managers go into seclusion to deliberate on corporate matters and find ways to solve current issues In the three retreats held so far, Bakhshi says they have evolved a "mission" for the marketing division which gives the employees a clear perception of the company's direction and their role in it. They have also dwelt on methods to develop the company's human resources and inculcate a team spirit.

During his tenure, Bakhshi has also helped to reorganise the LPG (liquid petroleum gas) activities. As a major division with 7 million customers, the LPG department is now autonomous and plans are underway for opening an R&D centre.

Among other activities that Bakhshi has helped focus attention on are training programmes. "We've changed the thinking that only white-collar workers need training," he says. The company has several functional training programmes for its workers.

Despite a heavy work schedule, Bakhshi finds time to write numerous articles on management. Last year, he presented a paper on "LPG Customer Service and Safety in India" at the World LPG Congress in Dublin. He is also a voracious reader, devouring books on philosophy and other non-fiction, "because they not only tell you of the trend of the times, but by reading them, you grow beyond yourself". ■

GOPIKA MEHTA

MIDDLE EAST RETURNEES

A difficult homecoming

Now that the Middle East boom is over, the reverse flow of managerial talent has begun. The bright young ambitious professionals who left in search of petrodollars are back in search of "mundane" jobs and unexciting salaries. But they are finding that the homeland is not ready to welcome them with open arms.

The process of job hunting is as agonising as relocating and adjusting to the less affluent environemnt. Many of the returnees are finding that the years of experience in the Gulf are considered largely worthless. And they have to rely only on their Indian experience, which is not significant in most cases, since most of them are still in their early or mid-thirties.

It has, therefore, become essential for most of them to begin planning their return at least a year in advance. A reconnaissance trip to India about six months ahead to meet prospective employers, recruitment consultants, and friends, is considered essential. Despite this it takes a minimum of three to six months after returning to India to find appropriate openings.

Most returnees find that the best way of getting a job is to use personal contacts rather than go to consultants or reply to advertisements. They often find that only bosses/colleagues who have worked with them in the past, and are willing to put in a word, are able to get them at least the interview call.

It is important to appreciate that in the last decade the majority of professionals who went to the Middle East were accountants or systems data processing specialists. The others who left in significant numbers were bankers and junior sales personnel. Technical personnel related to the construction industry did go, but in very limited numbers. They have tended to go in larger numbers to Africa. Most recruiters from the Gulf were from trading houses or the service sector. The stress, therefore, was on systems, accounting and MIS jobs.

A majority of the returnees are accountants. The systems/EDP people have been affected to a lesser extent by the recession and there is still a sustained requirement for their services. Many of them are also in search of greener pastures, the latest being Australia, which welcomes such specialists.

Most of the bankers have tended to look for openings in South East Asia rather than come home despite the boom in the banking industry in India. A few, however, have returned to prestigious jobs.

It is mainly the accountants and the few who went for sales and marketing jobs, who find it difficult to find the right openings for a variety of reasons.

Indian industry tends to view accountants in industry more in terms of their ability to manage tax and other regualtions and handle "finance" (meaning handling banks). So for them the stress is on similar experience in India, especially at middle and senior management levels.

In this context, it must be noted that a majority of the managers who left went for junior or middle management jobs and had, generally, two to seven years' experience. (Senior positions in the Gulf were generally manned by westerners and hence the number of senior executives who went from India was fairly small.) However, on returning after three to five years experience, in most cases from the Middle East, they regard themselves qualified for middle or senior management jobs. At these levels, employers feel that relevant experience and knowledge is as important as managerial ability, especially in a staff function.

It is also true that Indian industry tends to expect greater versatility from managers. The general feeling amongst employers is that in the Middle East, besides the environment being different and compliance needed with various statutes minimal, jobs tend to be more compartmentalised. The exposure, therefore, in the "better" companies in the Middle East, tends to be narrower compared with that at comparable levels in India.

There is perhaps some merit in this argument since Indians in many instances did jobs that were, in terms of content, inferior to what they did in India. The high salaries made it worthwhile nonetheless. However, it must be acknowledged that many of the managers who left were amongst the brightest and have worked with very modern systems in the Gulf. The excessive stress on relevant experience is therefore not always warranted.

Several returnees who have gone through job interviews here feel that since employers are unable to relate to jobs in the Gulf they tend to have preconceived views and consider all returnees on par, irrespective of the nature of assignment abroad or the company worked for. Some even expressed the feeling that there was perhaps a twinge of envy from senior professional colleagues because they were not among the "fortune makers".

The other major hurdle is the question of comparison with classmates and colleagues with whom the returnee has worked earlier. With the professional "community" being quite small, parities seem to pose a problem both for employers and for employees. Many of the returnees are in a mood to make compromises on such issues but the employers are uneasy about doing so.

Employers also express reservations on whether such candidates are likely to stay. While the returnees in several cases do seem to want to make careers, especially if they are above 35, a significant number do not find the adjustment process easy. This is both due to a psychological inability to accept comparatively low salaries and the craving to go back overseas. This is further heightened when compromises have to be made on job expectations.

Several employees feel that employers, afraid of the high salary expectations of the returnees, are often unwilling to even discuss a possible offer. Most Indians in the Gulf, however, have kept in close touch with the situation in India and are well prepared for the low salaries, etc and are looking not for lucrative jobs but for stable careers.

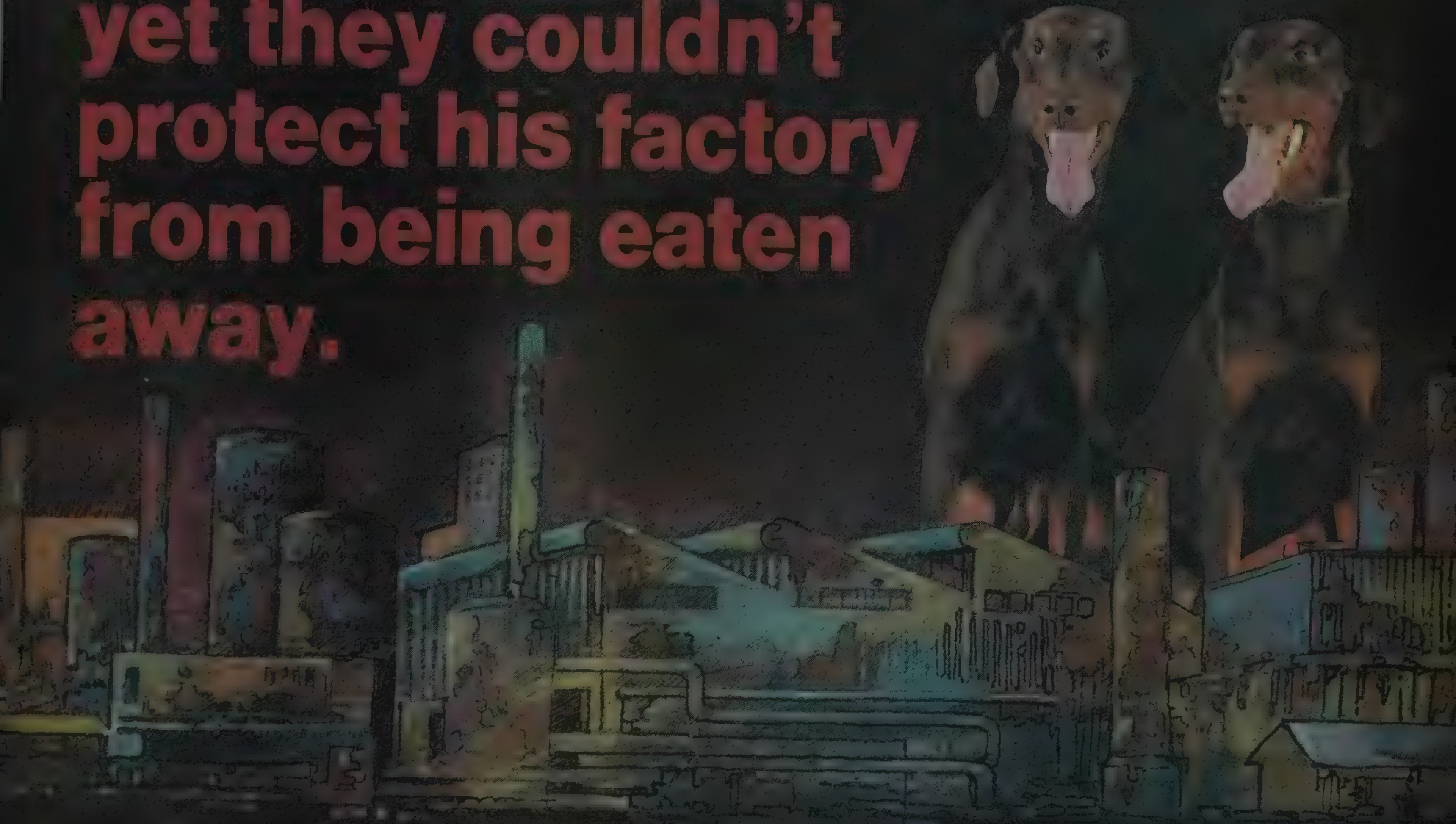
Most of the returnees have specific preferences of location. In several cases they bought houses with the intention of settling down near their families or relatives. A large number want to settle in the south or in metros where housing is affordable; the scope for jobs in these locations is limited. Since their financial staying power is good, many are content with short-term assignments till they are able to find suitable opportunities in a location of their choice. With these hurdles, many are considering setting up their own ventures. Especially popular are financial or consultancy services aimed at NRIs.

Who knows, with the Gulf market looking up a little bit now and the number of recruitment ads gradually increasing, several of them may still find it worthwhile to go to the Gulf again, albeit at lower salaries.

■ ANITA RAMACHANDRAN

Mr Kapoor had 8 Dobermann Pinschers, 10 armed guards and a 22 foot high wall...

yet they couldn't protect his factory from being eaten away.



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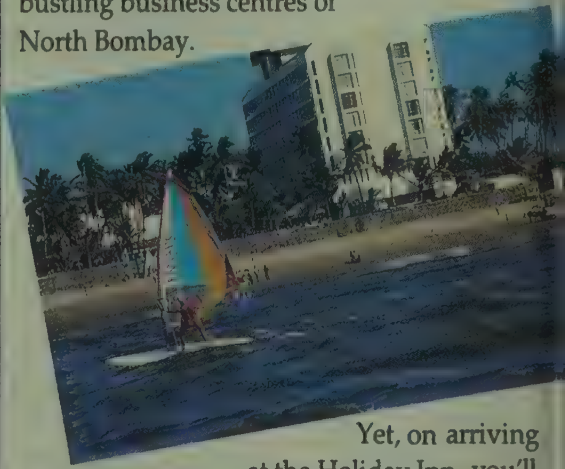

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Vomen executives on the road

There isn't any difference between me s a woman travelling and any of my male colleagues doing so," said one woman executive when asked to comment on the problems she faces while ravelling. "Isn't the subject practically exist?" asked another.

It would appear that some women executives, faced with the constant need to prove that they suffer no gender-related problems at work, tend to go to the other xtreme and deny completely that their xperience as women is different from hat of men. Most are however willing to dmit that they had to, at least initially, make more psychological adjustments to ravelling than men would have to. But, s many of them say, they have had to develop "strategies" to deal with any hassles they face and are now more or ess at ease travelling.

One executive said that she plans her rips in such a way that she gets into own early in the morning rather than ate at night. Some have taken it in their tride. "I was initially apprehensive about travelling at night — the usual fears bout mugging or someone acting fresh. But it has never happened and today I never allow the thought of arriving late to interfere with my schedules," says Vineeta Dang who works for Procter and Gamble. Dang will fly into a city as late as her work requires her to. Chitra Talwar, a general manager in Britannia Industries Ltd, used to be apprehensive about getting into a cab when its still dark after an early morning flight. Today, she does it as a matter of course.

The experiences that female executives face on their travels vary significantly, depending on where they are going. In the four metros, a working woman travelling alone is not considered an oddity. At the most, some executives do notice that people strike up a conversation, where they would leave a male executive to his book or his work. And, comments Dang, men who are curious or uncomfortable with a lone woman travelling on business, feel easier talking, about the woman's home, family, etc!

It's in the smaller towns that female executives stand out. Chandini Sahgal, marketing services manager, animal products, Cynamid (India) Ltd, has to visit a number of small towns because her company's forte is veterinary drugs. Poultry farms are located outside large consuming towns. Sahgal travels to a fairly large city like Pune or Jalandhar and then makes her way to the smaller towns around. She finds that most of the veterinarians she visits, even in small towns, are quite comfortable dealing with a woman. The more progressive farmers, too, feel at home with her. It is the more traditional, smaller farmers who are not at ease.

When Sahgal travels, she is normally accompanied by a company representative based in the area she is visiting. At times it is necessary to check into a hotel in a small town and she does get curious stares. Another executive, who does not wish to be named, recounts how she saw waiters in a Surat hotel peeping through the keyholes. Fortunately she discovered it when she was outside the room, but the incident did give her a nasty shock. Another executive talks about the frightening experience in small hotels where people have knocked at her door late at night. She has learnt to ignore them completely, but finds it an odious and harrassing experience. Drinking or smoking in such hotels is a definite no-no.

Staying in a five-star hotel in a metro is a totally different experience. Most leading hotels are quite secure and comfortable. "I use the security latch on the door, but only because I know how ready the staff at the Taj are to use their passkey. Knock! and they are in," says Margot Raymond, project manager of the Taj group of hotels.

Raymond would hesitate to go to a bar alone in the hotel. Others still prefer to dine in their rooms rather than eat in a restaurant alone. But an executive of a multinational bank had an odd experience even though she stuck to her room. Getting back rather late to her Calcutta hotel, she wanted to put her feet up and have a drink. A few minutes after placing her order she got a call from room service asking whether she wanted one glass or two. This was followed by another call asking her whether she wanted the drink for herself or for someone else. Finally when the drink arrived the waiter looked around the room suspiciously!

Travelling is an essential and often exciting part of the executive's work. Notwithstanding the irritants, major and minor, women executives are managing to go places.

■ EAPEN THOMAS

rge hotels are considered secure

Power to the people

Electricity is taken so much for granted that only during a power failure do we notice its absence. It is then that companies like Tata Electric Co. come into the public spot-light. At Tata's Trombay plant, producing electricity is a non-stop process heavily backed by tough environmental pollution controls. The total electricity produced here is 830 MW of which 500 MW is produced by unit 5. This is a photo feature on unit 5.

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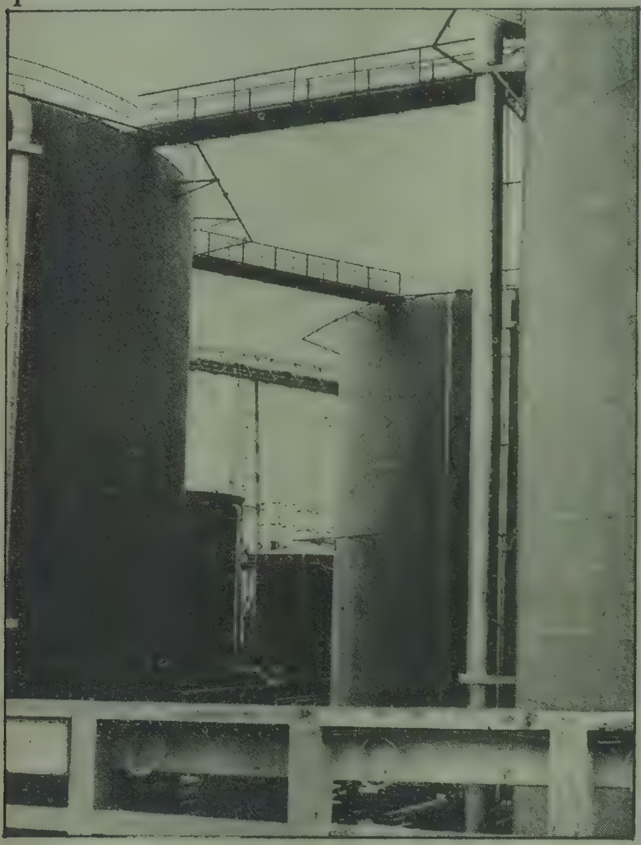

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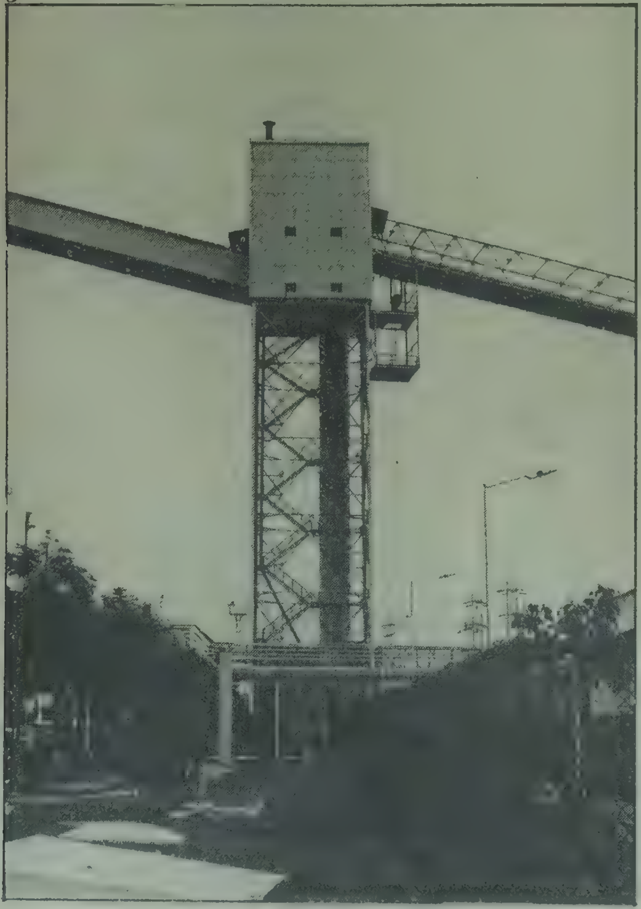

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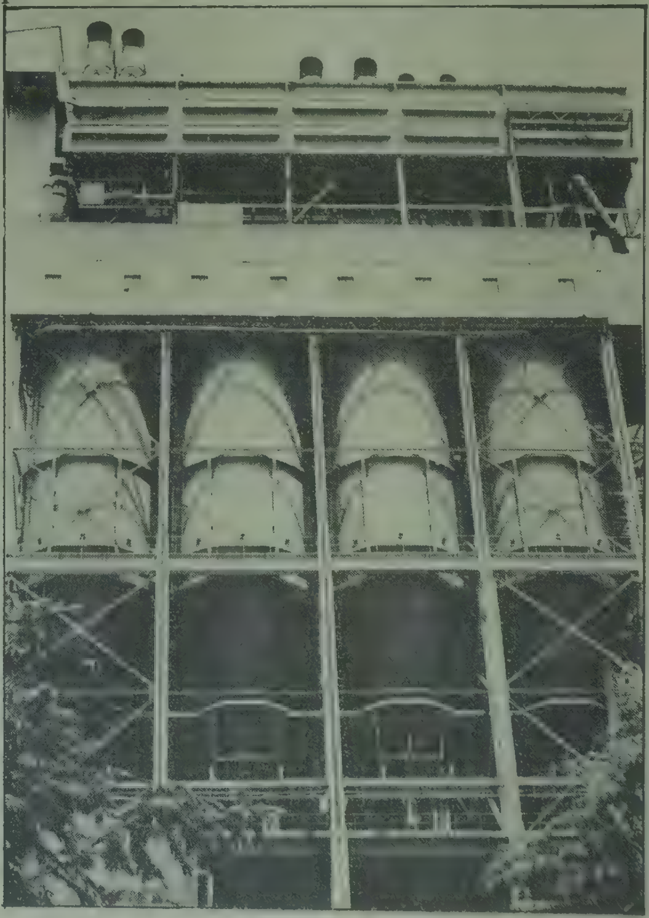

Oil tanks (1) are maintained at 80c to allow oil to flow easier.

Coal is transported from the coal yard almost 2 km away by this conveyor (2).

The mill reject system (3) removes stones and other debris from the coal before it is crushed in the coal mill (4).

Sea-water inlet pipe-line (5) supplies cooling water to the boiler. This is returned to the sea only after it is cooled thus minimising thermal effects on marine life.

A maze of pipes (6) carry water and fuel oil to the boiler of unit 5 (7).

The steam generated is fed to the 500 MW turbo generator deck (8) which generates 12 million units of power per day.

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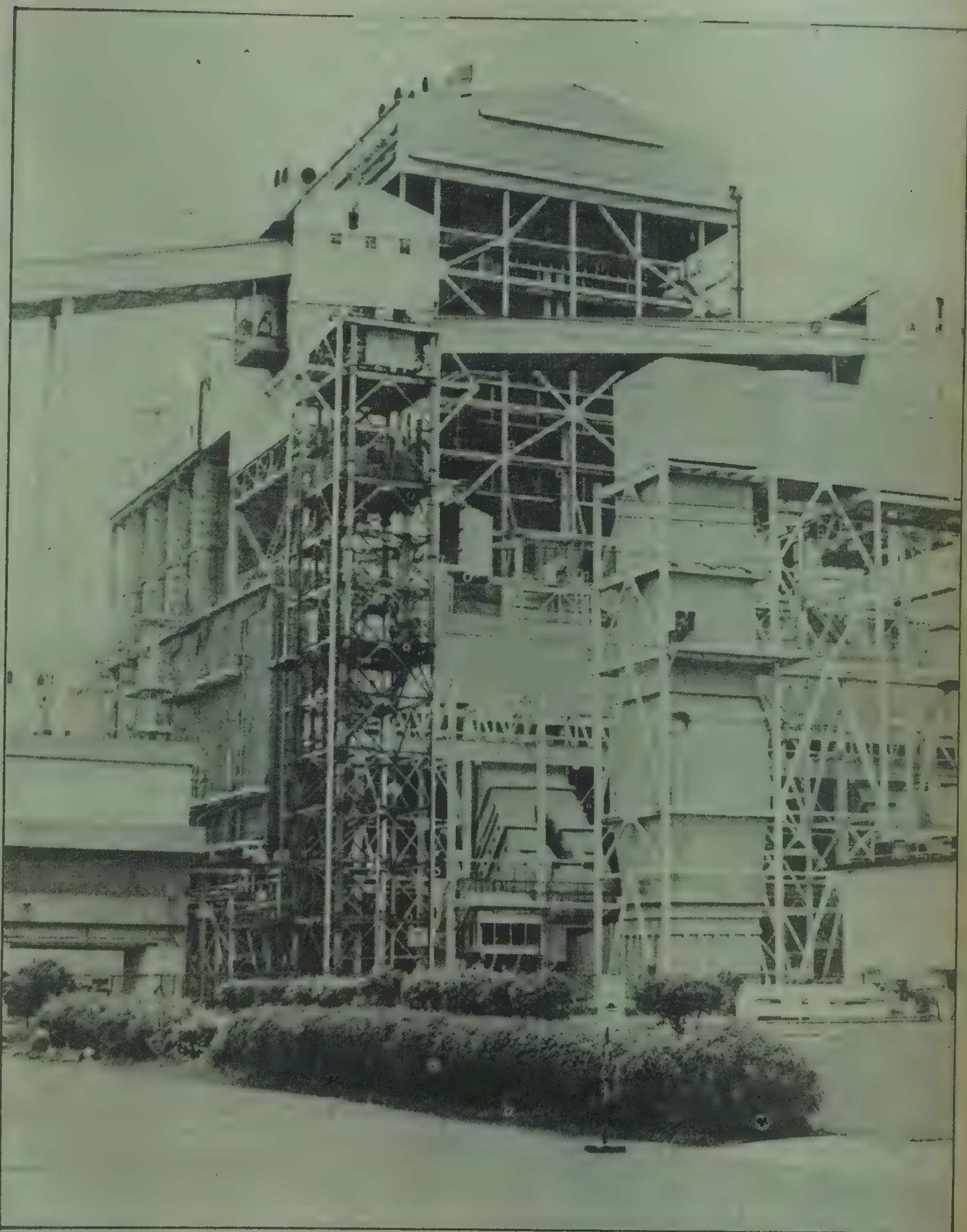

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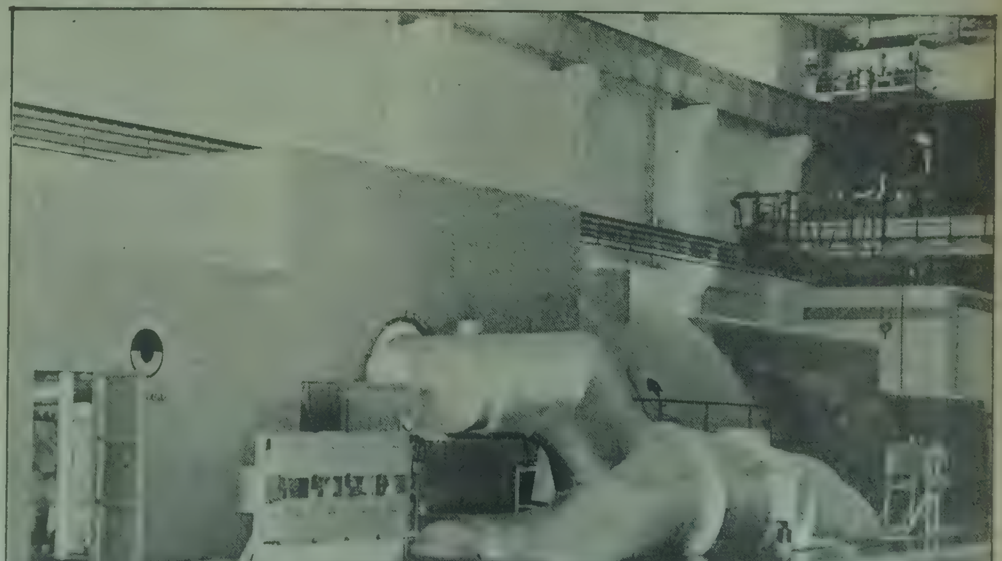

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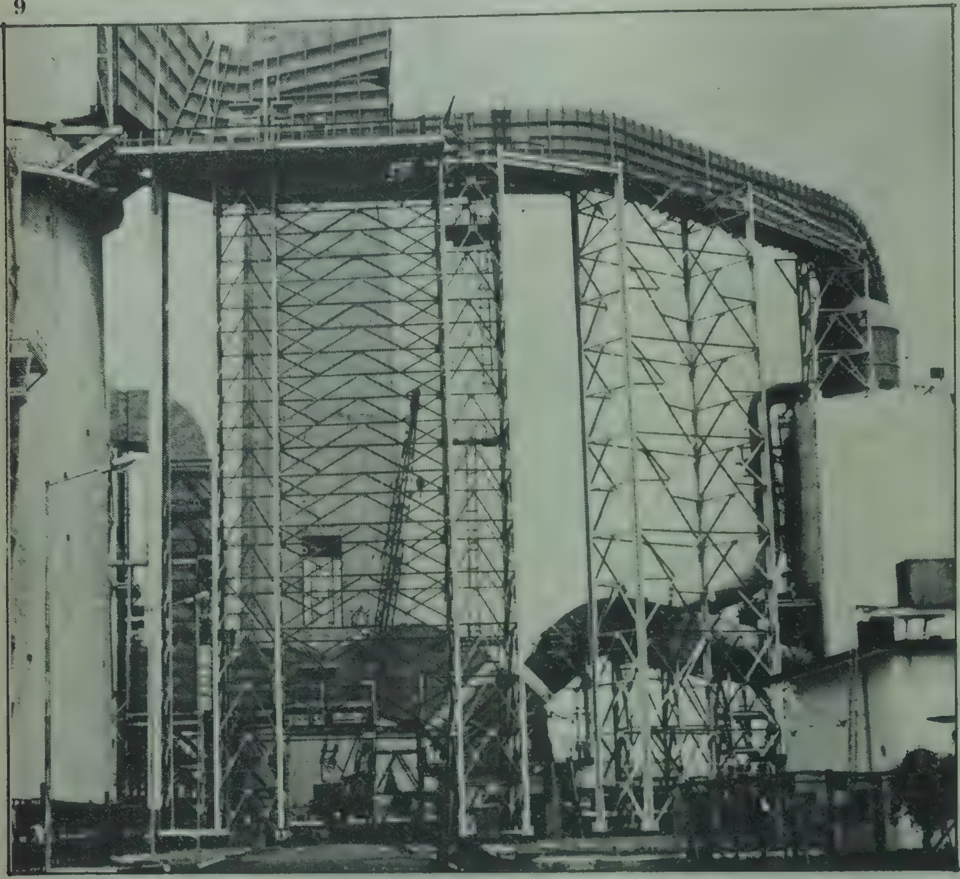

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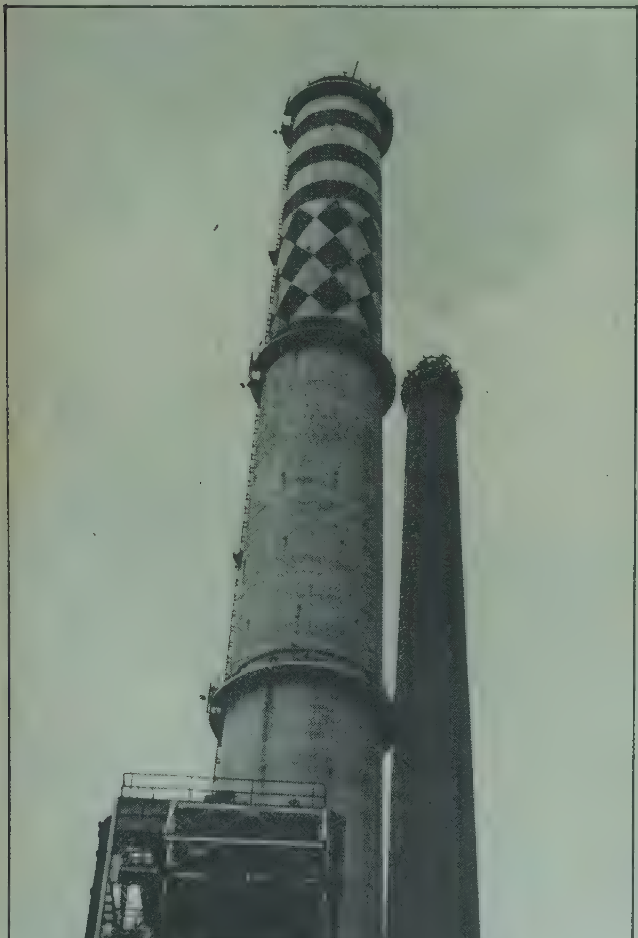

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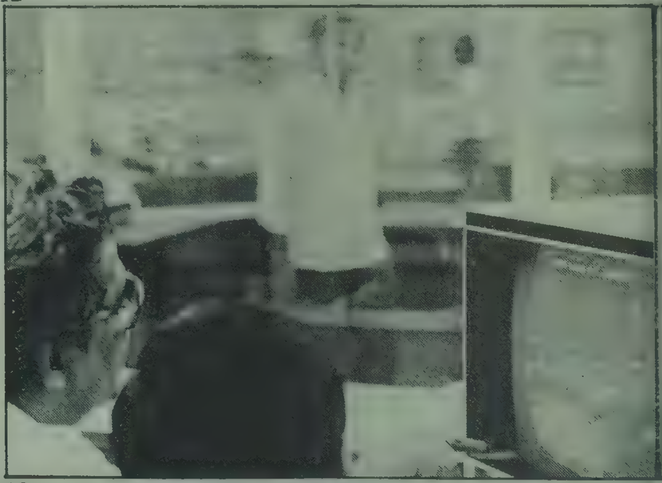

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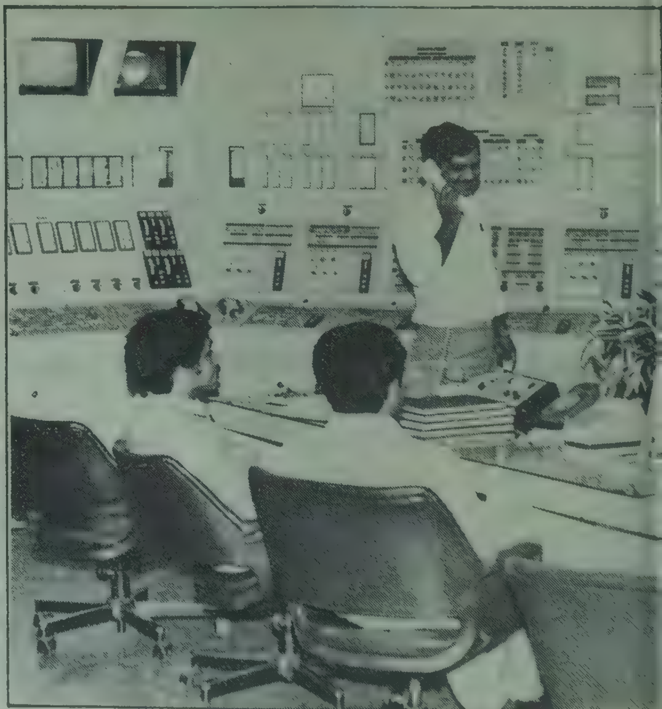
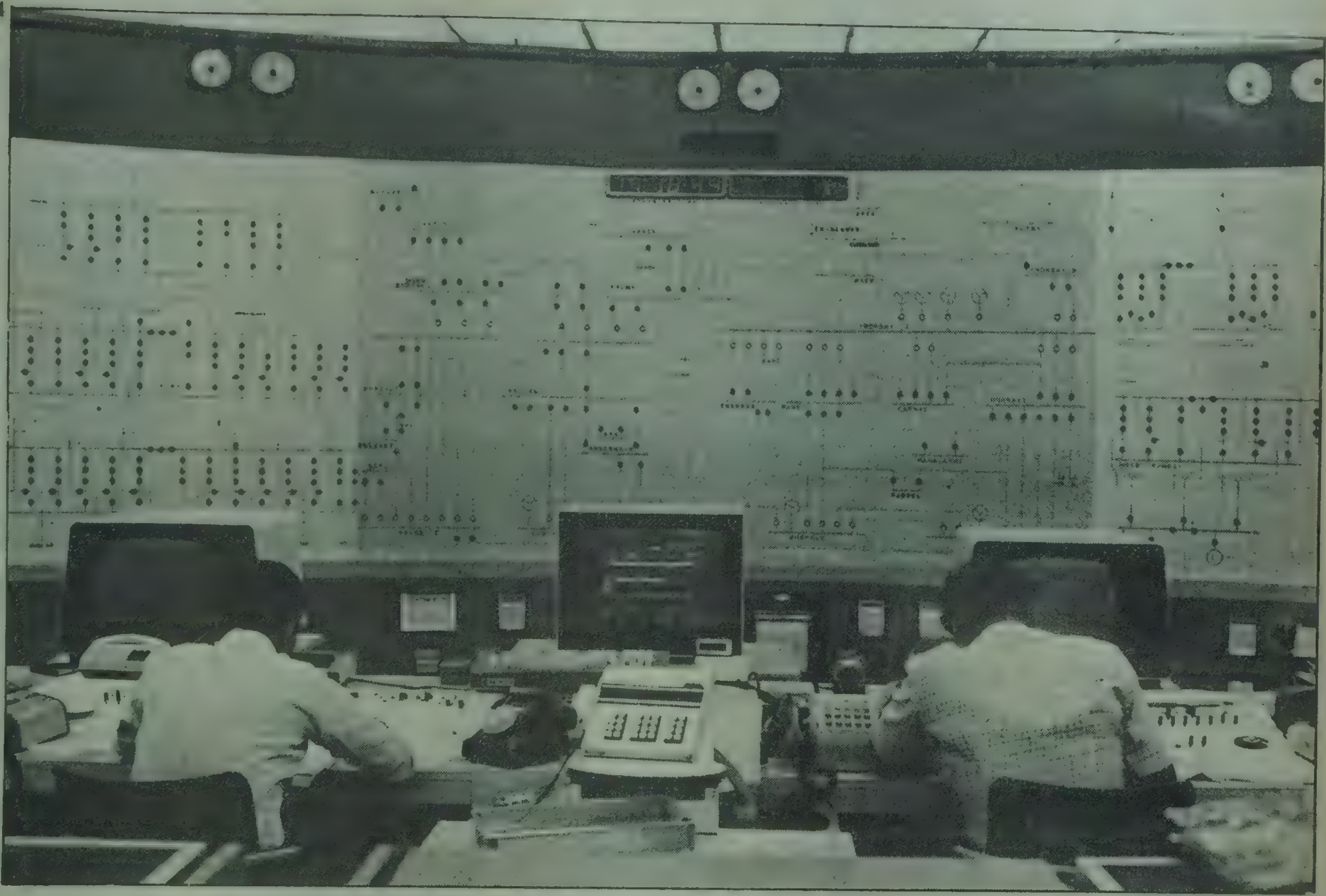


The flue gas produced by the combustion of fuel is passed through the flue gas desulphurisation (FGD) system (9) to conform with pollution control procedures before being let out through the chimney (10). The flue now is mostly steam.

Tata Electric has a simulator room (11) and (12) which resembles and simulates the exact function of the actual control room (13). It is used to train the staff to perform operations faultlessly.

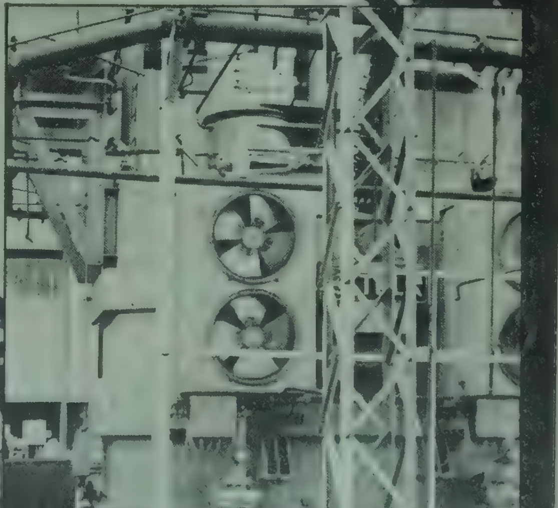
14



Load despatch room (14) monitors power consumption of Bombay city and the suburbs and informs the control room to increase or decrease power production.

The voltage from the generator is 22 KV. It is stepped up to 220 KV by he transformers (15) before being sent along he transmission owers (16).

16



Photographs by Ravi Patil

Jaiprakash Gaur
Chairman-cum-Managing Director

> **“For a sound and sustained growth of this critical segment of our economy, it is absolutely necessary that the Government clearly accepts that engineering construction is a full-fledged industry.”**
>
> ***—On Construction Industry***

> **“...the massive developmental programmes going to be launched during the 7th Plan are bound to create substantial additional demand in the future. Therefore...your Board of Directors have decided to double the capacity of the existing Cement Plant.”**
>
> ***—On Cement Industry***

Ladies & Gentlemen,

I heartily welcome all of you to this Annual General Meeting.

Dividend

The Board of Directors have recommended a dividend of 15% for the year 1987. At the time of public issue made in November/December 1986, we had hoped that your Company shall be able to pay a dividend for the very first year of operation of its Cement Plant. I am very happy that this expectation has been fulfilled by your Company.

Operations in 1987

The year 1987 has been a year of challenge. The unprecedented drought put a severe strain on the national economy as a whole. The situation was made more difficult by the double digit inflation which pushed up the costs all over. Your Company had to face this difficult situation at a time when the Cement Plant was in the very first year o operation and had to go through its gestation period; and the Engineering Construction Division just got started on massive new projects which necessarily had to go through the initial mobilisation period.

I say it with a sense of great satisfaction that despite all these factors, your Company has been able to achieve good performance both in the Cement Division and the Engineering Construction Division and has been able to maintain its position in both these areas of activity.

Cement Division

In the very first full year of operation in 1987, the Cement Plant attained capacity utilisation of 67% for the year taken as a whole. This by itself is a record. In the last quarter of 1987, the capacity utilisation for Cement reached 100%. The overall performance of the Plant has been quite satisfactory. The Superplus Jaypee Cement has now established very good reputation in the market, particularly for its high quality.

The Company has also been fully aware of its social responsibilities and accordingly, the children in the neighbouring villages around the Cement Plant are being given free education in a school set up in the Cement township. Free medical services including medicines, are also provided t the villagers. During the drought period, the Company installed handpumps and tubewells and also made arrangements for supply of drinking water through tankers in the villages around the Cement Plant.

To preserve and protect the ecology, the Company has installed most sophisticated and latest pollution contro equipment which is functioning very well. To provide a green environment, 32000 saplings have already been planted so far in and around the Cemen Plant, and the Company has plans in hand to plant further 20,000 saplings every year in the coming years. The

LINTAS (DELHI) JI 52 2438

ADVERTISEMENT

Speech of Shri Jaiprakash Gaur, Chairman-cum-Managing Director at the 5th Annual General Meeting held on 18.7. 88.

Company is also preparing plans for adoption of some of the villages around the Cement Plant for their integrated development. It is our earnest effort to ensure that the Cement Plant works according to the Company's basic philosophy of "Commitment to nation building".

Engineering Division

As I mentioned last year, your Company secured during 1987, new projects for over Rs. 520 crores, which included Rs. 320 crores World Bank aided Sardar Sarovar (Narmada) Dam, Rs. 40 crores World Bank aided Underground Powerhouse for the same project, Rs. 130 crores Lakhwar dam and Underground Powerhouse and Rs.27 crores Vyasi dam and Headrace Tunnel. Due to our long-range advance planning and earlier presence on the sites; we have been able to commence work in right earnest on all these projects without any delay. This was made possible by our existing infrastructure, equipment and manpower already planned and provided at these sites. These are large and prestigious projects and will require execution over a period of 5 to 8 years. Your Company has placed orders for further plant and equipment for over Rs. 40 crores for the execution of these projects. These plant and equipment are being imported and represent the best and the latest echnology, and many of these will be used in our country for the first time. By he very nature of these large projects extending over a long time period, it is nevitable that the full results from their execution will be reflected only in the coming years when the work will proceed at full swing.

Current Outlook

Cement Division

Continuing the successful performance f 1987, the Cement Plant has been oing quite well in 1988 as well. During he first six months—January to June 988—the capacity utilisation has been 02%.

This performance is a result of a edicated team work in operation, aintenance and quality control. We ave a continuous on-going process of pdating and improving the technical ompetence in all these critical areas. A umber of training programmes have een conducted for our personnel. For e best possible plant maintenance, a omputer-aided Maintenance Management System is under mplementation. For continued quality control and optimum and effective utilisation of limestone reserves, a Computer-aided Deposit Evaluation System is being introduced. The introduction of Kiln Simulation System will also give our plant operators much more effective control on quality and performance.

Although there appears at present a position of adequate cement manufacturing capacity in the country, the massive developmental programmes going to be further launched during the 7th Plan are bound to create substantial additional demand in future. Our country has the lowest per capita consumption of Cement today and there is a huge potential demand still to come. The emphasis and attention being given to housing development programmes all over the country will further reinforce future demand increase for cement. Your Company believes in looking ahead and planning for future well in time. Therefore, after a careful assessment of future prospects and taking into account the excellent performance of the Cement Plant, your Board of Directors have decided to double the capacity of the existing Cement Plant from 1 million tonnes to 2 million tonnes per annum. This will not only place your Company in a strong position in the cement industry but will also make it possible to achieve the economies of scale and a better utilisation of the available infrastructural facilities. I am happy to say that the Government has already granted the letter of intent and the financial institutions have already sanctioned the finance for this expansion. The total project cost for expansion from 1 million tonnes to 2 million tonnes is estimated at Rs. 135 crores. You will be happy to know that the entire promoters' contribution required for this purpose will be provided by the Company from internal accruals.

Engineering Division

The large engineering construction projects already in hand will provide your Company an assured turnover increase during the current year. The situation for overseas jobs in Iraq continues to be grim at present but we are hopeful that it will eventually be possible for your Company to resume operations there at full scale. In the meantime, we are maintaining our presence in Iraq which is necessary to safeguard your Company's interests there.

Your Company has been prequalified for some more large and prestigious projects, i.e. Rs. 150 crores Narmada Sagar Dam in Madhya Pradesh and for Rs. 86 crores Underground Powerhouse for the same project. Your Company has also submitted a prequalification bid for Rs. 1000 crores Nathpa Jakhri Hydroelectric Project in Himachal Pradesh jointly with Hyundai of South Korea. Besides this, your Company's prequalification application is under consideration of M/s Technopromexport of USSR for certain works of Tehri Underground Powerhouse and civil works of Koteshwar Dam as part of the protocol signed by Government of India with the Government of USSR for executing these jobs on a turnkey basis. With the thrust in developmental projects in the country, the Engineering Division has enough to look forward to.

While your Company is dedicated in making its best contribution in the task of nation-building, I note it with regret that the engineering construction activity has still not been given due recognition by the Government for the critical and significant role played by it in national development. For a sound and sustained growth of this critical segment of our economy, it is absolutely necessary that the Government clearly accepts that engineering construction is a full-fledged industry, and there should be no discrimination by treating it as anything other than industry. In fact, from the view point of economic growth, engineering construction must be recognised as far more critical and important than any other industry because it plays a vital role in building and providing the infrastructure for development. Furthermore, due to its highly labour intensive operations, it provides employment opportunities far in excess of what can be provided by a comparable investment in any other industry. It is high time that the Government wakes up to this reality. Whether it be for projects within the country or for abroad, the engineering construction must get all those facilities, privileges and concessions which are available to priority industries. I do hope, this will not be delayed any more.

Acknowledgements

Whatever has been achieved is due to sincere hard work and dedicated team spirit of the workers of your Company. I also wish to thank all of you for your confidence and support, which continue to inspire us to put forward our very best. I also wish to take this opportunity to record our grateful thanks for the cooperation and assistance given to us by all the agencies of the Government of India, Governments of Madhya Pradesh, Uttar Pradesh, Gujarat and Himachal Pradesh, National Hydroelectric Power Corporation, Visakhapatnam Steel Project and our bankers and financial institutions.

Please accept my best wishes to all of you for a very happy and prosperous future.

Lucknow
18th July, 1988.

JI

JAIPRAKASH
INDUSTRIES LIMITED

This does not purport to be a report of the proceedings of the 5th Annual General Meeting.

Mr Dutta, Senior Manager from your Bombay office is on a transfer to Madras

MR·DUTTA MADRAS
.DUTTA DRAS
MR·DUTTA MADRAS

Shouldn't he have a company flat waiting for him?

It makes good sense for your organisation to buy flats in Madras; given the way real estate appreciates, it is one of the best investments you could make.

This logic becomes even more attractive when you buy the flats in Brownstone Apartments.

First of all, your senior staff would be proud to stay in a place like this.

Brownstone Apartments, centrally located at Mahalingapuram are among the most elegant apartments to grace the city skyline.

These 2/3 bedroom flats are designed for an abundance of natural light and fresh air. And what is more,they come with a series of remarkable amenities offered at no extra cost. Consider some of them:

- A swimming pool in the quadrangle. So a lazy dip on a Sunday morning is no pipe-dream
- A 1000 sq.ft. skating rink, a playpen and a jungle gym for the kids
- A badminton court, a recreation room with billiards, table-tennis, carroms and a gym give you something to do in the evenings
- A common dish antenna brings home the best TV programmes
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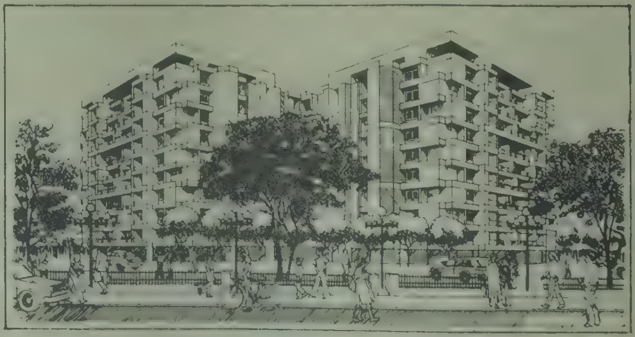
- A stainless steel lined chute disposes garbage unobtrusively
- Ceramic tiles line the kitchen floor and wall, sit-out and wash area. The kitchens also have granite tops and stainless steel sinks while the bathrooms are fitted with heavy-duty faucets and coloured sanitaryware
- Hidden clotheslines, so no ugly cords mar the beauty of each flat
- No water problem: wells over-flowing with good potable water ensure a 24-hour water supply. Additionally there will also be a special water-treatment plant

Remember, your investment is literally a very solid one. Only the finest in wood, cement, steel and paints have gone into Brownstone Apartments — a reputed external institute has certified the construction process and the materials used.

Brownstone Apartments, Madras. An address Mr Dutta would be proud to call home.



For more details write to:

Brownstone Apartments

Peninsular Constructions (P) Ltd
84, 4th Main Road, Gandhi Nagar,
Adyar, Madras 600 020
Phone: 419285

Recasting management models

2001 MANAGEMENT: MANAGING THE FUTURE NOW
By Stanley M. Davis, Simon and Schuster
UBS Publishers Distributors Ltd, New Delhi 2, Rs.225

Future shock, wrote Alvin Toffler, is the dizzying disorientation brought on by the premature arrival of the future. The managers who prepare for next week's conference, who launch next season's product line, and who chart their career development take the approach that time is a one-way street that we move along. We advance towards the future, not it towards us.

The truth, says Stanley Davis, is quite different. The business model of time in the industrial world has always been very much from the corporation's perspective. The focus has been on internal reorientations and actions. "Even the 9-to-5 time, defining as it does a regularly recurring event, is from the industrial perspective of the producer, rather than the post-industrial perspective of the consumer." When the corporation focuses externally, on the customer, it transforms the sense of time.

The transformative quality lies in the elimination of waiting — zero-based time. Whenever the customer needs the product or service offered, it should be immediately available. Not during working hours the next day, or after the weekend, or as soon as the next representative is free; but any time, instantaneously. The producers who deliver their products and services in real-time, relative to their competitors, will have a decided advantage. Operating in real-time means no lag-time between identification and fulfilment of the need.

In the industrial economic model the adage "time is money" implied that money is the key resource and should not be squandered, and that time is the way to measure whether or not the resource is being used effectively. In the new economic model, we could reverse the statement to read, "money is time". Time is the key resource and money the way to measure whether or not you are getting as much value out of it as you might. The resource and its measurement are reversed.

Real time means that responses to inputs are fast enough to affect subsequent inputs and to guide the process. If A and B are linked together, then inputs to A should alter B almost simultaneously. In earlier technologies, there were time lags between events A and B. Electronics introduced the real-time world of almost no time lags, and photonics will bring us there completely. The catch is that while today's technologies operate in real-time, today's organisations do not.

In the industrial context, the organisation always lags behind strategy. This is due to the assumption that you have to know what it is you want to do before you can know how to do it; all organisations based on the industrial model are created for businesses that either no longer exist or are in the process of going out of existence. The shorter the time lag between strategy and organisation, the more efficient is the business. Reduce the time lag by which organisation follows strategy and, all else being equal, you will increase your success by whatever measurements you choose.

The theory appears convincing but it does not so happen in real life. The reason, says Davis, is that people have a vested interest in continuing to see time as a restraint rather than a resource.

Davis next discusses how the new technologies built around lasers, fibre optics, genetic engineering, silicon, and artificial intelligence all pack more micromatter into less microspace than did the industrial technologies. Miniaturisation enables a machine to handle more complex operations in the same space, increases reliability and reduces cost tremendously. Even the most mundane services are learning to transform time and space and use them to competitive advantage. The idea is that consumers are more likely to use the products they can have with them wherever they are than competing products they have to go to in order to use.

Making products and services less fixed in space increases their competitive edge. Polaroid instant photography is another example. Processing, the last step in the manufacturing chain, takes place in the hands of the consumer. Thus in the new economy, the end of the manufacturing chain of goods and services will increasingly be produced by consumers in their own physical space.

Thus, the meaning of "market place" is being fundamentally transformed for both the seller and the buyer. The stock market today is moving into an any-time, any-place world. As such, marketers are also redefining what they consider to be the relevant space of their customers.

The book goes on to describe how the office and factory of the future will reflect the new models. As the new economy matures, argues Davis, many new concepts, theories, models and frameworks will develop that are appropriate to actual conditions, not holdovers from the industrial economy. One of these is about to make its debut — mass customisation.

The mass customising of products can occur at various points along the line from design and fabrication to sale and delivery. Mass customisation of markets means that the same large number of customers can be reached, as in the mass markets of the industrial economy, and that they can be treated individually as in the customised markets of pre-industrial economies.

The ultimate logic of every finer differentiation of the market is the market of one; that is, meeting the tailored needs of individual customers and doing so on a mass basis. Computers are making this more and more of a reality. Whereas a mass customised product is a one-of-a-kind manufacture on a large scale, the mass-customised market takes products of standardised manufacture and locates the one particular selection that is tailored to the individual's need. Each customer's individualised needs are satisfied with mass-produced goods, and the customising occurs at instantaneous speed in the matching-up process.

By 2001, predicts Davis, our familiarity and acceptance of holistic modelling will reach into the management and organisation of business, the way it is already reaching into psychological processes in the brain. Holistic orientations will slowly gain credibility in management, first as the metaphor and then literally.

"New concepts for management," concludes Davis, "are more likely to be accepted in new businesses, run by new leaders who are building new organisations, than they are to take hold in established businesses, with established people running them. In each company, management will have to work out its own responses, and those who grasp the importance of the shift that is occurring will have a decided advantage in the future."

■ RUSI J. DARUWALA

Middle-class unions in banks

MANAGERIAL TRADE UNIONISM
by Usha S Kanhere,
Mittal Publications, Delhi
pp.200, Rs.100

There is very little information on trade unions consisting exclusively of white-collar or salaried employees — doctors, lawyers, nurses, engineers, teachers, etc. There is now a new middle class activism which has its roots in the increasing economic frustrations faced by this class.

Usha Kanhere's study on trade unionism among bank officers covers four unions of three nationalised banks in the Ahmedabad region. She has dealt mainly with the internal mechanism of unions including their style of work and their external linkages. Her approach is sociological. Most of her data came from discussions with members and leaders of officers' unions, workers' representatives, and officials at top-management level

Available background literature amply indicates the special features of white-collar trade unions. They are relatively slower than blue-collar unions in organising themselves. This is attributed to the relatively higher social and occupational status of white-collar employees, fear of loss of prestige if they join the unions, and the belief that unionisation may come in the way of individual growth and mobility.

In his survey of 21 such unions in 1970, S.D.Punekar had observed that in India they were generally cautious in maintaining relations with political parties. They used political pressure when the need arose, but were not willing to identify themselves with any political party. They preferred to remain organised interest groups with the limited objective of providing protection and security to their "own" occupational community. Earlier studies had pointed out these tendencies. Usha Kanhere's study confirms them. She also provides rich insights into the internal dynamics of unions and the contradictions they encounter as a result of the interplay of wider socio-economic and political forces.

The bank officers in the study fall into two categories: promotee officers selected from among the staff, and direct recruits selected through interviews and examinations. The proportion of direct recruits to promotee officers is roughly 1:3. A majority of the bank officers in the study belong to the upper castes and are from the urban areas of Gujarat. All the officers (including those from outside Gujarat) had an urban background. A majority are well-qualified. Some have passed the CAIIB or other professional examinations. Most came from nuclear families. In most cases, the officer was the only earning member in the household. In only 40 per cent of the cases were the wives of the officers educated beyond secondary level. A majority of this group are promotee officers with more than ten years of experience.

There is very little information on trade unions consisting exclusively of white-collar or salaried employees — doctors, lawyers, nurses, engineers, teachers, etc. There is now a new middle class activism which has its roots in the increasing economic frustrations faced by this class. Usha Kanhere's study on trade unionism among bank officers covers four unions of three nationalised banks in the Ahmedabad region. She has dealt mainly with the internal mechanism of unions including their style of work and their external linkages. Her approach is sociological

The study reports that bank officers in India had little interest in the labour movement until after independence. Agitations had begun to take place in several banks for better salary scales, leave facility, provident fund, etc. In 1949 banks were brought within the purview of the Industrial Disputes Act. Between 1949 and 1966, individual disputes relating to bank employees were referred to national tribunals. The tribunal awards resulted in a "marked improvement" in emoluments and work and service conditions. However, bank officers kept away from unionism until 1960. They considered themselves "a part of the management, and viewed trade unions as something below their dignity". They were immensely status conscious: "How can we go on the streets like workers? What will people say?"

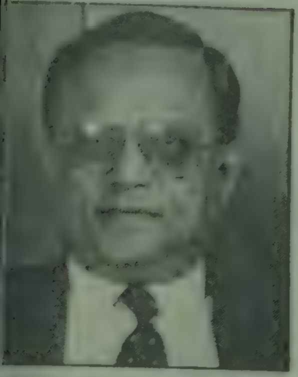
But the situation changed with the growth of the banking industry. The numerical strength of officers increased and the relations between them and the top management grew impersonal. Equally significant, a sizeable number of officers had risen from the lower staff cadre as promotees. These had been members and activists of their staff union earlier and were the first to advocate unions for bank officers.

Even today, the majority of activists in bank officers' unions come from the middle seniority group. Most of them are promotee officers with a considerable length of service. They are elected democratically. "A fair amount of reshuffle takes place due to elections. Even crucial activists (presidents, general secretaries, etc.) have been unseated by a defeat at the election." Most activists do not claim special privileges (such as respite from office work to handle union work). Professional commitment is ranked first: commitment to union work comes second. However, the bank officers' unions are relatively well-run associations. Their leaders are honest and committed. Their activists are cautious in their behaviour and actions. They are constantly aware o their accountability to union members.

At least some of the unions have been active in developing linkages with allied associations. They assist not only the weaker unions of other bank officers in the region, but also maintain contacts with officers' unions in the LIC, IPCL ONGC, etc. But they do not seem to be keen to help the workers' trade union movement, nor do they identify with them. They have a somewhat narrow and a historical perception about trade unionism as a movement for change. Thei unwillingness to explore their indifference towards the working class movement is a major stumbling block in thei onward progress. Out of four bank officers unions, only one has stated in it constitution that one of its objectives i "to help working classes in India and outside in the promotion of trade union objective". Even this is only a pape clause, and has meant nothing in practic so far.

To conclude, this book is a valuabl addition to the literature of industri sociology in India. More studies of thi type are required to build a theoretic perspective on industrial relations i India.

■ S P PUNALEKA

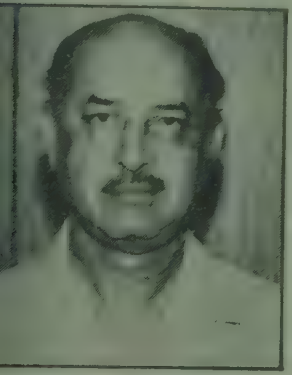


.K. GHOSH has been ppointed managing irector of Colgate-almolive (India) Ltd.

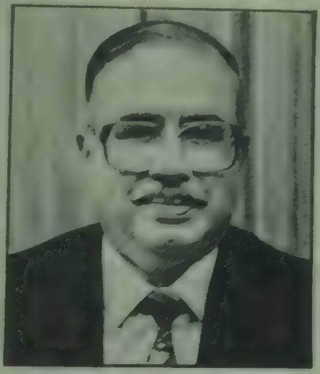
D.S. ALVA has been appointed managing director of Bombay Dyeing and Manufacturing Company Ltd.

E.S. CHANDRASEKARAN has been re-designated executive vice-chairman of The English Electric Company of India Ltd.

RAJAT SHUVRO BAKSHI has joined the State Trading Corporation as its executive director.

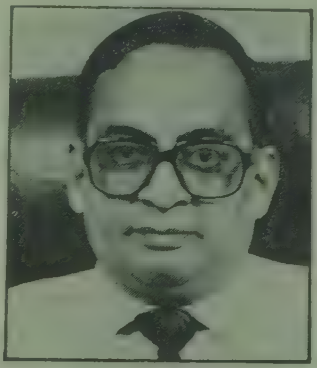


VINASH TRIMBAK KOLKAR has been ppointed executive rector of Andhra Bank.



P. RAMAKRISHNAN has been appointed director, marketing, of Hindustan Petroleum Corporation Ltd.

S.R. KRISHNAN has taken over as vice-president, engineering and projects, of Leela Venture Ltd.



C.R. BALASUBRAMANIAM has been appointed managing director, The English Electric Company of India Ltd.

K.R. DAS has taken over as deputy chief executive of Berger Paints India Ltd, while SUBIR BOSE has been appointed general manager, marketing and sales.

A. PREETHAM PARIGI has taken over as director, group diversification of Batliboi.

B.R. JAIN has been nominated director of Madhya Pradesh Financial Corporation.

M.N. DANDEKAR has taken over as general manager, operations, State Bank of India, Madras Circle.

R.S. PAL has taken over as chairman and managing director of Noble Explochem Ltd.

VINOD MADHOK has been appointed general manager, corporate finance and planning, at Zuari Agro Chemicals Ltd.

DWARKA PRASAD MUNDRA has been elected president of the Guwahati Stock Exchange while PANNA LAL BHANSALI and BIMAL KUMAR KEJRIWAL have been elected vice-presidents.

P.K. GHOSH has joined as director of the Jamnalal Bajaj Institute of Management Studies, University of Bombay.

ASSOCIATIONS

N. DEOGUN has been ected chairman of the dian Tea Association.

K. SWAMY has been ected chairman of the dvertising Standards ouncil of India.

DITY SYAM has been -elected president of e Public Relations ciety of India.

RAMMOHAN BIDAWTKA has been re-elected chairman of the Synthetic Textile Manufacturers Association.

SHANTILAL NARANDAS SONAWALA and MAKHANLAL CHUNILAL DAMANI have been re-elected president and vice-president, respectively, of the Bombay Bullion Association Ltd.

R.C. PUROHIT has been elected chairman of the Steel Furnace Association of India.

P. KHANNA has been re-elected vice-president of Institution of Fire Engineers (India).

JACOB MACWAN has been appointed executive director of Plastindia Foundation.

M.J. SHAH has been elected chairman of the Industrial Diamond Association of India while DEEPAK DOONGURSEE has been elected vice-chairman.

Senior executive positions

A complilation of executive positions advertised in **Business India** and other major publications between 18 July and 31 July 1988.

WEST

TECHNICAL, FINANCE AND MARKETING TRAINEES * *Sal* Rs 30,000 stipend * *Age/Qlfn* * Degree in engg from IITs or other engg colleges; CA certificate; MBA wth marketing specialisation * *Reqd* * *Resp* Undergo 12 months training * *Cont* General Manager (Personnel), Hindustan Cocoa Products Ltd, Cadbury House, B-Desai Road, Bombay 400 026 (ToI — 26.7)

DEPUTY GENERAL MANAGER (P&D) * Bombay * *Sal* in convented cadre + benefits * *Age/Qlfn* 40 years * Degree in engineering, postgraduate degree/diploma in management desirable * *Reqd* 15 years experience, at least 5 in a similar function/capacity in a reputed organisation as head of the department * *Resp* Identifying areas of diversification with growth potential, carrying out market surveys, preparing techno-commercial viability reports, site selection/securing state government permission, etc * *Cont* Ref:CPD/59, Manager, Recruitment, Central Personnel Department, Larsen & Toubro Limited, Powai Works, Post Box 8901, Bombay 400 072 (ToI — 27.7)

COMMERCIAL MANAGER (Edible oils) * *Sal* Very attractive + housing + car + benefits * *Age/Qlfn* 35 years * NS * *Reqd* Candiate must be senior professional with long experience in edible oils and oil seeds trade, particulrly bulk buying and selling; preferbly wth exposre to interntl trade in oil extractions and cakes * *Resp* Handle commercial activities of the oil business * *Cont* Datamatics Staffing Services, Post Box No 106, GPO, Bombay 400 001 (BI — 7.8)

HEAD OF PERSONNEL * Bombay * *Sal* Rs 1 lakh + house + car * *Age/Qlfn* 35-40 years * PG in personnel management from a reputed institute * *Reqd* 5 years experience at a senior level, exposure to all areas of personnel management * *Resp* Will head a team of HRD specialists and will be responsible for recruitment, performance appraisal, training and management development, salary administration, etc * *Cont* Code MS/4799, A.F.Ferguson Associates, Post Box 1786, Bombay 400 001 (ToI — 18.7)

NORTH

CHIEF EXECUTIVE * Major city in Central India * *Sal* Excellent * *Age/Qlfn* 40 years * BE (mechanical or metallurgical) * *Reqd* 10 yrs of senr managmnt exprence in compny of repute wth provn managerial sklls and special aptitute for marktng; preferably wth exprence in manufactrng devplmnt, engg, quality assistance etc * *Resp* Head a medium sized company; be in charge of overall opertns incldng marktng, finance, purchase, adminstratn, personnel, etc; develpmnt, growth and profitability of business * *Cont* S.B. Billimoria & Co, Post Box No: 4325, New Delhi 110 019 (BI — 7.8)

GENERAL MANAGER (Corporate Marketing) * New Delhi * *Sal* Neg + housing, car & other perks * *Age/Qlfn* * PG in marketing management * *Reqd* About 8 to 10 years experience in marketing or with an advertising agency * *Resp* To act as a stimulating force in generating a more customer oriented and innovative marketing outlook * *Cont* Chief Executive, Eicher Goodearth Ltd, Satkar, 80, Nehru Place, New Delhi 110 019 (S — 27.07)

MANAGING DIRECTOR/PRESIDENT * New Delhi * *Sal* Attractive + housing + perks * *Age/Qlfn* 50 years * Ns * *Reqd* 20 years experience in chemicals senior managerial experience * *Resp* Head operations in chemicals and fibres * *Cont* Box 405038, Hindustan Times, New Delhi 1 (HT — 28.7)

EAST

CHIEF EXECUTIVES * Calcutta * *Sal* With profit-sharing option, not less than Re 1 pm * *Age/Qlfn* * *Reqd* Senior professnl managr capable of genertng and implemntng projct ideas in the areas of mass prodtn consumer goods, food processng, chemicls, hi-tch specalty prodcts, export-oriented items, etc * *Resp* * *Cont* Code NPI/CAL/2462, B.P. Agrawal, Chairman, ABC Consultants Private Limited, 43/3, Hazra Road, Calcutta 700 019 (ToI — 25.7)

SOUTH

GENERAL MANAGER (Operation) * Ranipet near Madras * *Sal* Not a constraint * *Age/Qlfn* * Graduate engineer * *Reqd* 15 years of related experience in the automobile industry, preferably in the two-wheeler industry * *Resp* Achieving manufacturing targets, increasing productivity and profitability, optimising resources, establishing, leading and integrating a team for achieving desired results * *Cont* Sanjiv G. Pallikal, Corporate Manager (Personnel), The Enfield India Limited, "Enfield House", 115 Anna Salai, Madras 600 015 (ToI — 18.7)

GENERAL MANAGER (Human resources development) * Bangalore * *Sal* Excellent * *Age/Qlfn* 40-45 years * Ns * *Reqd* Currently chief of personnel division of a large and diversified company with accent on HRD * *Resp* Organisational analysis & structuring, personnel policies, manpower planning, performance appraisal, training and development recruitment, IR, administration * *Cont* (GMH/MDS/1502) ABC Consultants Pvt Ltd, 4 Jagannathan Street, Madras 34 (H — 28.7)

OVERSEAS

STEEL MILL TECHNOLOGISTS * Indonesia * *Sal* NA * *Age/Qlfn* 30-50 years * Degree in metallurgy or mechanical engineering * *Reqd* 10 years experience in operating electric ARC furnace * *Resp* Operating modern furnace and continuous casting machine * *Cont* Sigma Consultants (Steel) 501/C1, Poonam Chambers 'A', Dr Annie Besant Rd, Worli, Bombay 18 (H — 20.7)

GENERAL MANAGER * Dubai * *Sal* Above Dh 10,000 pm plus benefits * *Age/Qlfn* 35-40 years * *Reqd* Strong marketing background and ability to spot and exploit business opportunities * *Resp* For evolving and implementing marketing and sales strategies * *Cont* A.F.Ferguson & Co, P.O.Box 1786, Bombay 400 001 (ToI — 31.7)

Sal — salary; *Age/Qlfn* — age and qualifications; *Reqd* — required; *Resp* — responsibility; *Cont* — contact

Executive positions

ToI — Times of India; *H* — Hindu; *S* — Statesman; *HT* — Hindustan Times; *ET* — Economic Times; *Econ* — Economist; *BI* — Business India

NATIONAL

MATERIALS MANAGER * Bombay * *Sal* Attractive * *Age/Qlfn* 30-40 years * Post Graduate qualification in materials management * *Reqd* Experience in the chemicals or process industry, excellent negotiating skills * *Resp* Will handle the entire purchase function, imports and other aspects of materials management * *Cont* Tristar Consultants, 616, Maker Chambers V, Nariman Point, Bombay 400 021 (ToI — 18.7)

RESEARCH OFFICERS (Equities — Portfolio Management) Bombay * *Sal* Highly competitive * *Age/Qlfn* Below 35 years * Postgraduate or research qualifications in economics * *Reqd* Familiarity with financial evaluation techniques * *Resp* Will undertake industry studies and evaluate corporate performance leading to investment recommendation * *Cont* General Manager (Personnel and Administration), Grindlays Bank Plc., 19 Netaji Subhas Road, Post Box 2781, Calcutta 700 001 (ToI — 18.7)

MANAGER - MIS * Bombay * *Sal* Attractive * *Age/Qlfn* * Postgraduate in computer science * *Reqd* 10 years experience in related areas, an ability to interact with people at all levels and spread the culture of computerisation to all functional areas * *Resp* All computerisation activities, including the development of software to provide timely management reports * *Cont* Vice-President (Personnel), Ceat Tyres of India Ltd, 463, Dr Annie Besant Road, Worli, Bombay 400 025 (ToI — 18.7)

MANAGER (Equities - Portfolio Management) * Bombay * *Sal* Highly competitive * *Age/Qlfn* Below 35 years * *Reqd* * hands on experience and complete familiarity with all aspects of trading equities, ability to direct industry and corporate research, familiarity with basic computer programmes * *Resp* Managing investment portfolios of NRI and domestic clients * *Cont* General Manager (Personnel and Administration), Grindlays Bank Plc, 19 Netaji Subhas Road, Post Box 2781, Calcutta 700 001 (ToI — 18.7)

MANAGER PROJECTS * Bangalore * *Sal* NA * *Age/Qlfn* NA * Graduates/Post Graduates/MBA * *Reqd* 3-5 year experience in reputed computer company. Experience in consultancy with lair for techo-marketing * *Resp* Identify project opportunities here and abroad. Market state-of-the-art concepts. Follow up and obtain projects * *Cont* The Manager, Personnel, Wipro Systems Ltd, 40/1A Lavelle Rd, Bangalore 1 (H — 19.7)

DEPUTY MANAGER/MANAGER (Legal) * Pune * *Sal* Commensurate with qualifications and experience * *Age/Qlfn* 30-40 years * Graduate/postgraduate in Law, Associate members of Company Secretaries (ACS) * *Reqd* Practical experience in civil and criminial procedure codes an advantage, 5-8 years post qualification experience in a company of repute and/or with a firm of solicitors. * *Resp* To provide legl supprt to various bussns divsns concerng commrcl mattrs, to liaise wth compny awyrs and lead a fair and succsfl representn of compny's ntersts in arbitration & litigation proceedngs * *Cont* Code DML/KR/88, General Manager (Human Resources), Thermax Private Limited, Chinchwad, Pune 411 019 (ToI — 20.7)

MANAGERESS (Sales) * Delhi * *Sal* Excellent * *Age/Qlfn* 5-35 years * NS * *Reqd* Interest in fashion, experience in sales and marketing in a service oriented industry at senior level * *Resp* Sales, public relations, promotions, fashion shows, advertising. * *Cont* Ravissant, 24 Nehru Place, Delhi 19 (HT — 23.7)

CHIEF MARKETING EXECUTIVE * Madras * *Sal* * *Age/Qlfn* mid-30s * *Reqd* A strong consumer-oriented marketing professional from a similar field of operation, capable of promoting new product lines in the field of detergents * *Resp* Organise marketing department for firm manufacturing phosphate-free detergents * *Cont* Jt-General Manager (Admn & Pers), Southern Petrochemical Industries Corporation Ltd, 97 Mount Road, Guindy, Madras 600 032 (ToI — 25.7)

OVERSEAS

PRODUCTION MANAGER (Edibles) * Kenya * *Sal* Attractive + accommodation etc * *Age/Qlfn* * Chemical engineers * *Reqd* 7-10 years experience in manufacturing operations of 100 tpd or higher capacity vegetable oil refinery and margarine/vanaspati plant, 2 years experience as production manager * *Resp* * *Cont* Ref CMP/F-3067, Datamatics Staffing Services, Post Box No 106, GPO, Bombay 400 001 (ToI — 24.7)

PRINTING IN CHARGE * Dubai * *Sal* Rs.15,000 pm + perks * *Age/Qlfn* NS * Science or engg graduates and/or diploma holders in printing technology * *Reqd* 15 years experience in metal coating and printing, 3 years at senior level in a reputed company * *Resp* Independent managing of all activities of the printing and photolitho departments * *Cont* (CMP/F-3803) Datamatics Staffing Services, Post Box No 106, GPO, Bombay 1 (H — 27.7)

MANAGER * Hongkong * *Sal* Performance based + housing * *Age/Qlfn* 35 years * NS * *Reqd* Experience of handling an overseas office and preferably leather or granite trading and earlier exposure of Hongkong * *Resp* Head operations of well established trading house whose current activity is in leather goods, processed leather and electronics; plans for additional trading lines, like granite * *Cont* Box No: AA/271/S1/2, Business India, 59 Regal Building, Connaught Circus, New Delhi 110 001 (BI — 7.8)

APPOINTMENTS

Indo-Rama is a multi product group with production plants in S.E. Asia and India.The group requires the following persons for its latest $22 Million venture for speciality chemicals in Thailand based on agricultural feedstocks, which is under implementation and due for completion by end 1989.

CHIEF EXECUTIVE

Thailand **Excellent Terms**

The incumbent will have complete autonomy over day to day affairs and will report to the Managing Director. The position involves total responsibility in all disciplines including and implementing and guiding the total personnel strength of 200 during pre/post commissioning period. A keen analytical and innovative mind capable of bringing about a systematic approach to project implementation is essential.

Applicants should be engineers, with post graduate qualifications in management with about 20 yrs. experience in chemical process industries of which last 5 yrs. should be in senior position of companies with turnover over 10 crores or at senior position with chemical consultant companies. Prior work experience in Thailand is desirable but not essential.

Preferred age not over 50 years.

GENERAL MANAGER
(PLANT)

Thailand **Excellent Terms**

The position involves total responsibility for providing technical support to the project team during the engineering/erection/commissioning phase and operation of the plant thereafter. The position will report to the Chief Executive, we are seeking a professional with a thorough grasp of all technical areas and particularly associated with processing of agricultural residue. Working experience with in House Turbine and Hydrogenation Process will be an advantage.

Applicant should have degree in process/mechanical engineering with about 15 yrs. working experience in a modern chemical process plant with at least 3 yrs. at similar position.

Preferable age below 45 yrs.

Both positions carry a very attractive compensation package which as such will not be a constraint for the right candidate.

Apply in confidence within 15 days with detailed resume and passport size photo to:

INDO RAMA SYNTHETICS (I) LTD.

3711/14 NETAJI SUBHASH MARG,
NEW DELHI-110002
PHONES OFF.: 275272, 273540, 266043
TELEX: 031-62485 OM IN CABLE: FIBRESPIN

CLICKFAST : IRS : 38

Shilputsi

BUSINESS MANAGER

LOCATION-FLEXIBLE

Rs.3 Lacs + p.a.

SHILPUTSI CONSULTANTS have been retained by Becton Dickinson, USA, world leaders in health care products and medical diagnostic equipment to recruit a Business Manager for India. Becton Dickinson products are widely used by health care professionals, research institutions and the general public. 1987 sales were 1.6 billion US dollars. The company intends to expand its operations in India and neighbouring countries.

The Job : The Business Manager will be responsible for identification of business opportunities, strategic and business planning and meeting sales and profit targets. He will be required to travel regularly to keep in touch with distributors and buyers.

Qualifications : Individuals with an outstanding record of success in marketing, preferably in the pharmaceutical, diagnostic or medical equipment industry. They should be familiar with imports, sales and distribution and dealing with policy making bodies.

Remuneration : The remuneration will be among the best paid in the country and the gross will be a minimum of Rs.3 Lacs per annum plus housing.

Please write in strict confidence to

Tarun Sheth
C/o **SHILPUTSI CONSULTANTS**
P.B. No.9386
BOMBAY-400 026.

MANAGER
PERSONNEL & INDUSTRIAL RELATIONS

BOMBAY **Attractive remuneration**

Our client, a well known manufacturer of a range of automobiles and components with multi-plant operations, is looking for a Manager to look after the personnel and industrial relations function at the plant level.

This is a senior level position responsible for implementation of personnel policies and procedures, recruitment, career planning, employee welfare, wage administration and industrial relations. The incumbent would represent the company in union negotiations.

Candidates should be post graduates in personnel management, preferably with a degree in law and around 15 years of experience, of which at least 5 years should be at a senior level. Knowledge of Marathi is essential.

Preferred age: around 45 years.

An attractive remuneration package would be offered. Growth prospects for the successful incumbent to divisional and corporate head levels are excellent.

Please apply in strict confidence within 10 days to

A. F. Ferguson Associates
P.O. Box 1786
Bombay 400 001

giving full details of age, qualifications, experience and salaries drawn. All applications and envelopes should be marked Ref: MS/4910. Candidates not contacted within 3 months may assume they are not being considered.

We are a professionally managed engineering firm manufacturing and selling consumer durables which are a house-hold name all over the country. We have a turnover of over Rs. 50 crores. The company is manned by talented professionals and lays special emphasis on product quality and marketing excellence.

We require the following top-notch professionals :

MANAGING DIRECTOR DELHI/BOMBAY

The incumbent must be a man of unquestionable integrity and must be able to motivate and facilitate teamwork. He should be dynamic and result-oriented; having a proven track record in managing marketing of consumer durables and engineering products on a national level. He will likely have a M.B.A. with a degree in Mech/Elect. Engg. He should be familiar with use of computers in manufacturing and marketing environments.

Age : Below 45 years.
Salary : Rs. 1,50,000/- per annum.

MATERIALS MANAGER DELHI/BOMBAY

The incumbent will have a deep theoretical knowledge of modern Materials management concepts/techniques together with vast practical experience relating to Procurement, Import Licensing, Planning of Raw Materials in the light engineering industry. He should be an Engineering Graduate with a qualification in Materials management and familiar with use of computers.

Age : Below 40 years.
Salary : Rs. 1,00,000/- per annum.

Please write in strict confidence within 10 days with complete details to :

Box No. AA/272/CF/1, **Business India** 59, Regal Building, Connaught Circus, New Delhi-110 001.

MANAGING DIRECTOR
GENERAL MANAGER

Goa/Bombay

Attractive Salary
+ perquisites

A professionally managed group is setting up a Rs. 25 crores FIVE STAR DELUXE RESORT near Goa with extensive leisure facilities including a 18 hole Golf Course, designed by one of the world's leading Golf Course designers. The company plans to have a technical and financial collaboration with an international market leader. The property will comprise 120 rooms and 150 luxurious villas and the soft opening is scheduled for January 1989.

The Managing Director will report to the Board of Directors and be responsible for the management of the company's operations. He is expected to provide leadership for the company's long term growth and development. Candidates could belong to any discipline but should have senior level general management experience. Experience of managing large projects and financial and cost management is considered desirable.

The General Manager will be responsible for the efficient running of the property, recruitment and cost management, training of personnel, industrial relations and marketing.

This is an opportunity for outstanding individuals and offers excellent prospects besides attractive benefits package.

Please apply in strict confidence within 10 days to:

A.F. Ferguson Associates
Post Box 1786
Bombay 400 001

giving full details of age, qualifications, experience and salaries drawn. All applications and envelopes should be marked "Ref. MS/4911" for Managing Director and Ref. MS/4912" for General Manager.

GOOD RELATIONS (INDIA) PVT. LTD.

requires

ACCOUNT DIRECTORS

PUBLIC RELATIONS & COMMUNICATIONS MANAGEMENT CONSULTANCY

Location : Bombay & New Delhi

Good Relations India is an associate of Good Relations in the U.K., Europe's best known PR & Communications Consultancy firm. Good Relations in India is a member of The Taj Group.

Our clients will be largely drawn from the blue chip corporations within India as also some public service organisations and a few others who are starting up business and need our services at the initial stage itself.

As Account Director you will be responsible for all aspects of Public Relations and Corporate Communications for your group of clients, assisted by one or more Account Executives. Key areas of emphasis will be co-ordination and handling of media relations, design and copy of printed material, the implementation of a co-ordinated PR and Communications campaign with the client's target audience.

You should be in your thirties, alert, adroit and an astute business professional with a quick, incisive mind and the ability to communicate clearly, both verbally and in writing. Your versatility should be developed through job rotation or work as Executive Assistant to a top executive or in any other similar position in the corporate world. With an innate ability for not missing the woods for the trees and backed by hands-on experience, you will develop practical solutions to a diversity of problems that our clients can be faced with.

What we would like to hear about you can be summarised as follows: sound business judgement, proven communication skills, a high level of personal motivation and an ability to relate to people at different levels. If you also have an appetite for challenge and variety and you wish to blaze a new trail then you should be able to make it as a modern day PR Consultant. And do bear in mind that your future in Good Relations will almost definitely be more satisfying and challenging than whatever you're doing now.

Please write, in complete confidence, with full bio-data and salary details before August 16th, 1988 to:

Mr. Anthony Good
Chairman
Good Relations India
Suite # 801/802
The Taj Mahal Inter · Continental
Bombay 400 039.

The salary and benefits attached to the appointment will reflect the seniority of the post and will be by negotiation.

Shilputsi CONSULTANTS

HAVE BEEN RETAINED TO RECRUIT A

GENERAL MANAGER (WORKS)

BOMBAY

The Company : Our client is a growth oriented company. They expect to raise the turnover to 50 crores in the next two years. They have two plants manufacturing ferrous and non-ferrous wires and cables.

The Job : The two Plant Managers will report to the General Manager (Works) who will report to the Managing Director. He will be responsible for achieving the production targets, quality assurance, planning, cost control and maintaining harmonious labour relations.

Qualifications : He should be an Engineer with a good academic record. He should be around 45 years of age with minimum 15 years' experience in manufacturing of which at least 5 should be in a senior capacity.

The company offers liberal benefits including housing and car. Remuneration will not be a constraint for the right candidate.

Please apply **within 10 days** of this advertisement to:

Mr. Tarun Sheth
C/o. **SHILPUTSI CONSULTANTS**
Post Box No. 9386
Bombay 400 026.

GENERAL MANAGER
(ELECTRONICS DIVISION)

Delhi
Age :40–45 years

Extremely attractive terms

A leading industrial house with interests in a wide range of industries and products is looking for a top-flight professional to head its electronics and telecommunications business. The group has already diversified into the manufacture of hi-tech electronic products and has ambitious plans for considerable investments in the industry which it has identified as one of its major thrust areas.

The person would be independently responsible for conceptualising the group's strategy for growth in electronics and telecommunications. This would include identification of diversification opportunities, their evaluation and planning and implementatation of such projects. In addition, he would be accountable to the group corporate office for the profitability of the division.

The ideal candidate would be an electronics/electrical engineer, preferably with an MBA qualification, and a proven track record of planning and managing the growth and diversification of an electronics/office automation company. He should be familiar with recent technologies worldwide and have a good feel for the Indian electronics scene, especially relating to professional electronics and office automation. A widely travelled person with knowledge of and contacts in leading electronics corporations in Japan and in the West would be at an advantage.

Salaries and perquisites would be in line with the best in industry and would not be a constraining factor.

Please apply in strict confidence in 10 days to :

A F Ferguson Associates
Hansalaya
Barakhamba Road
New Delhi 110 001

giving details of experience, qualifications, age and salary drawn. Please mark the application and envelope with **'MS/4818'**

ABC's major specialisations include Corporate Consultancy • SWOT Analysis • MIS • Operations Research • Industrial Engineering • Systems & Procedures • Data Processing • Organised Cost Reduction • Materials Management • Computer Feasibility • Insurance Consultancy • Software Packages • Project Reports • Socio-Economic Studies

GENERAL MANAGER

HUMAN RESOURCES DEVELOPMENT

Bangalore **Excellent Terms**

Our client, **KIRLOSKAR ELECTRIC COMPANY LTD,** is a professionally managed company manufacturing a wide range of engineering products with several other prestigious new projects on the anvil. The current turnover is Rs. 140 crores and the employee strength 4000. The company lays great emphasis on development of human resources, highly motivating work environment and organisation culture leading to high job satisfaction level and low employee turnover. To further enhance their HRD efforts, they are on the lookout for a high calibre professional who will head the function at the corporate office.

The incumbent will have the total responsibility for all aspects of Human Resource Management including Organisational Analysis & Structuring, Personnel Policies & Manpower Planning; Performance Appraisal; Training & Development; Selection & Recruitment; IR & Employee Relations; Personnel Administration. He will ensure effective utilisation of the total Human Resource at all levels and will play the role of a planner, motivator, problem solver, negotiator and administrator. The ideal candidate would be the current Chief of Personnel Division of a large & diversified company with accent on HRD functions. Preferred Age Group: 40-45.

The company offers an excellent working environment and an attractive remuneration package which will include substantial retirement benefits.

Please write with detailed resume to M. Madhusudan, General Manager marking envelope & application with job title & code GMH/MDS/1502 or contact over phone at our office or at residence (478691). ALL APPLICATIONS WILL BE TREATED IN STRICT CONFIDENCE.

ABC CONSULTANTS PRIVATE LIMITED
4, Jagannathan Street, Madras - 600 034. Phone : 470778

GENERAL MANAGER—CHEMICAL BUSINESS

We have been retained by
THE ANAND GROUP OF COMPANIES
for the selection of a GENERAL MANAGER to take charge of Chemical Business

■ The Group

THE ANAND GROUP OF COMPANIES, a dynamic corporate entity with diverse business interests, is today a leader in the automotive component industry. It is engaged in the manufacture of shock absorbers, bearings, filters, gaskets, piston rings, effluent treatment systems, air filtration systems and chemicals.

Chemical Business

ANCHEMCO is engaged in developing, manufacturing and marketing a variety of chemical products—PVC Compounds, plastisols, phenolic resins, PVA emulsions, epoxy compounds, anti-corrossion formulations and automotive sealants. It has a strong R&D base and is tied up with a Japanese Company for sealants.

■ The Candidate

POLYMER CHEMIST/CHEMICAL ENGINEER with relevant background and aptitude to manage a growth oriented medium size multi-product chemicals business.

The Location : Gurgaon, near Delhi.

■ The Compensation

Remuneration will be at par with the best in the industry.

Send detailed resume, indicating present remuneration to :

Chief Executive
Automotive Corporate Services Ltd
1, Sri Aurobindo Marg
NEW DELHI-110 016
INDIA.

Gabriel
INDIA LIMITED

Purolator

PC
PERFECT CIRCLE VICTOR LTD

ANFILCO LIMITED

ANCHEMCO LIMITED

JOHNMEYERS GRANITE LIMITED

HYDERABAD

'GRANITE HOUSE'
ROAD NO.13,
BANJARAHILLS
HYDERABAD - 500 034

ATTRACTIVE
TERMS

Johnmeyers is a pioneer Granite Project having assumed the task of achieving total technology upgradation on fully mechanised quarrying, automatic processing and memorial stone production with Indian art. We have turn-key technology tie-up with multinational companies, who are world leaders in their respective fields. We are entirely professionally managed and place a high premium on management executives with total job commitment, personal initiative and drive. We invite applications for the following positions :

1. GENERAL MANAGER - PROJECTS : GMP/88

The incumbent will be a qualified post-graduate in Mining or Engineering preferably with MBA. He should have worked independently in atleast 2 projects from concept to commissioning stage with a minimum of 10 years previous experience, 3 years of which should have been in a senior level position. He will possess excellent communication skills, ability to interact with foreign companies for absorption of technology, lead a team of professional managers and implement the project within pre-determined cost and time frames. On successful implementation of the project, he will assume independent charge of the plant for its profitable operations. Preferred age group - below 40 years. He will report to the Managing Director.

2. FINANCE MANAGER-CUM-SECRETARY : FMS/88

This is a senior level position reporting to the Managing Director. The incumbent will be a Company Secretary and Chartered Accountant, age below 35 years with atleast 7 years experience in a responsible position. He will independently handle finance and accounting including budgeting, taxation, cost and working capital, MIS Systems and other related subjects. The position calls for a sharp business sense and ability to negotiate with Government Agencies, financial institutions, banks and clientele.

Salary and perks will be the best in the Industry. The company offers congenial working atmosphere and excellent career opportunity. Please apply in strict confidence within 10 days with a passport size photograph to the Managing Director with envelopes marked as above.

UNIT TRUST OF INDIA

wishes to recruit a

VICE-PRINCIPAL

for

UTI INSTITUTE OF CAPITAL MARKETS

Vashi
(New Bombay)

Rs. 74,000/- p.a.
+ benefits

The Vice-Principal will be of the level of Deputy General Manager. The Trust is in the process of organising its Institute of Capital Markets which, it is envisaged, will be associated with organisations in international financial services. The incumbent will assist the Principal in all aspects of implementation of this project including premises, facilities and development of curricula for a variety of subjects such as security analysis, portfolio management, industrial finance, capital market operations and instruments, legal and taxation matters, non-resident investment etc. The position requires considerable innovation and the academic ability to conceptualise, develop, execute and teach theoretical and practical training courses in, primarily, financial areas. The position is based in Vashi (New Bombay). All managerial personnel are, however, transferable.

Candidates should have post-graduate qualifications (preferably a doctorate) in finance/accounting/economics/business management from reputed institutions in India or overseas. Around 15 years relevant work/teaching experience in industry/banking/government/financial institutions/educational institutions (10 years in case of SC/ST candidates) is required. Preferred age: 40-50 years (Upper age limit will be relaxed by 5 years for SC/ST candidates).

In addition to the salary mentioned above, benefits will include leave fare concession, group medical insurance, provident fund and gratuity. Housing, as per rules, may be considered.

Please apply in strict confidence within 10 days to:

A. F. Ferguson Associates
Post Box No. 1786
Bombay 400 001

giving full details of age, qualifications, experience and salaries drawn. All applications and envelopes must be marked 'Ref. MS/4904'.

HINDITRON CORPORATE

The Hinditron group of companies has emerged as a pioneer and leader in bringing state-of-the-art technologies to India through a wide range of operations. In computers, computer-based products, software development and exports, communications, instrumentation and allied products. We are a technology-driven company with over two decades of representations of international high-tech leaders such as Digital, Tektronix, Applicon, Micom, and Comtal, to mention a few. We are in the process of setting up two joint ventures with Digital Equipment Corporation, USA, and Tektronix Inc., USA, to indigenously manufacture products matching international quality standards.

Our extensive range of operations in the field of information technology has made us a one-stop source for all computing needs. We have been marketing indigenously manufactured SN 73, SN 23, SN PC/XT/ATs and other computer-based products.

Backing these resources of hi-tech products/services are our personnel who form the elite in engineering, management and marketing. By providing a professionally nurturing and creative environment, maintaining an open-door policy, delegating authority, and encouraging risk-taking in individuals, Hinditron has won the enviable reputation of being the best-liked company in the industry.

Operating independently of our joint ventures, we are now poised for expansion in our various divisions:

Our ***Advanced Technologies Division****, representing world-renowned high tech leaders, will extend its marketing operations vis-a-vis CAD/CAM solutions and Image Processing Systems, process simulation systems, and systems for AI and commercial applications.*

The kind of business managers we're looking for, don't exist.

We want you to prove us wrong.

Our ***Software Exports Division*** *will further accelerate software development and services for both Indian and overseas markets.*

The ***Software Products Division*** *is extending its developmental activities in the areas of Communication Software, Computer Graphics, System Software, Indian language processing tools, and customized device drivers — while specialising in UNIX, VMS, MS-DOS and OS/2 environments.*

And our ***Personal Computer-Special Systems Division*** *will increase the scope of its marketing operations with regard to Hinditron SN PC/XT/ATs and network products.*

We are looking for result-oriented professionals and provide opportunities that encourage professional growth by offering exciting challenges, and remuneration and benefits that compare favourably with the best in the industry.

Finance Manager

Bombay

You will be responsible for managing finance at the corporate level, venture capital financing, liais with financial institutions, managin relations with the company's banke apart from daily supervising bankin credit and working capital management.

You should be a CA, MBA or ICWA, with 5-7 years' experience in similar position in a company or wi an international bank. You should b able to obtain finances for the hi-te business and be an innovative thin

Manager — Human Resources Developme

Bombay

You will be responsible for human resource management, selection and placement, identificat of training inputs and OD activities relevant to a fast-changing technological environment, performance appraisal, counselling, career planning, and development o special programmes.

You should be an MBA or a post-graduate in personnel management or behavioural scienc with at least 5 years' experience in HRD at a senior level in a consulta firm or an engineering/computer company. You should have a desire put into practice innovative concep in HRD, and an ability to interact w highly qualified professionals.

Corporate Communications Manager

Bombay

You will be responsible for overseeing the company's communication programme. You should be able to conceptualize sa promotion and communication programmes, and have experience handling product launches, apart f being an innovative thinker, and a effective communicator.

You should have at least 5-7 years' experience in a similar posi handling industrial advertising in large organisation or an advertisin agency.

HINDITRON DIVISIONAL

arketing Manager — dvanced Technologies

ombay

You will be responsible for anning and coordinating the arketing functions, developing arketing strategies, identifying the arket, potential of new hardware roducts and specialized software ackages, and interacting with our verseas principals.

You should be an lectronics/computer engineer with -10 years' experience in technical arketing.

anager R&D Hardware

ombay/Bangalore

You will manage a team of ardware designers and be sponsible for quality assurance and endor development.

You must be an ectronics/computer engineer, with .Tech/Ph.D degree with 8-10 years' perience in managing pecial-purpose hardware projects.

Product Managers

Bombay

You will be responsible for the implementation, market planning, and promotion of computer-based hardware and software products. Products will be marketed for CAD/CAM applications, as well as for special applications like communication, process control, office automation, manufacturing, image processing, etc.

You should be preferably an engineer with an MBA, with 5-7 years' experience in technical product management and an ability to create effective communication programmes

Marketing Manager — Software Exports

Bombay

You will be responsible for the software exports of the company, and must have knowledge of international markets, an ability to identify potential customers, and negotiate and conclude export contracts. You will also be responsible for liaisoning with the software development team, to ensure timely completion of the turnkey project.

You should be a Computer engineering graduate with an exposure to international markets and a familiarity with trade procedures.

Business Analysts

Bombay

You will be responsible for administration and implementation of a business system and MIS, by analysing MIS reports, monitoring operations, business/competitive environments, costing, cost benefit analysis and carrying out specific studies for decision-making. You should have exceptional conceptual and analytical abilities and a knack for identifying profitable opportunities and areas for cost-reduction.

You should be a CA/ICWA/MBA, with 3-5 years' experience in a similar capacity in the engineering industry.

HINDITRON REGIONAL

egional Managers

mbay/Delhi/Calcutta/Madras

You will take overall charge of nditron's regional operations, with gard to Advanced Technology oducts, PC-based products and ftware products.

As you will be required to run the gion as a profit centre, you will have marshal resources to meet jectives vis-a-vis business velopment, sales targets, customer pport and receivables

You should be able to nceptualize innovative marketing ategies and translate them into feasible action plans. You must have a flair for organisation and administration, to be able to effectively lead and motivate your team of professionals.

You should be an engineering graduate (preferably an MBA), with 7-10 years' marketing experience — including at least the last 3 years in a similar position.

You will report to the director in charge.

*Please send your resume, within 10 days, clearly **superscribing** the envelope with the **position** applied for, and the **location,** to.*

HINDITRON

The General Manager
HINDITRON
Eros Cinema Bldg., 5th Floor
42, Maharshi Karve Road, Churchgate
Bombay 400 020

Dattaram HE-101/85

A multinational well diversified, fast expanding, professionally managed Company requires:-

ZONAL MANAGER

Incumbent will be responsible for meeting set targets through monitoring and controlling the various Branches in his region. Experience of leading a team of Sales professionals in a highly competitive market, essential. Age around 35 years. Place of Posting — Calcutta, Madras.

BRANCH MANAGER

The incumbent will lead the Company's operation in his branch area and shall be responsible for meeting set targets, in addition to looking after Branch administration and other related activities.

Similar previous experience, including developing and handling dealer network essential. Post graduate degree/diploma in marketing management desirable. Age around 30 years. Place of Posting-Jaipur, Lucknow, Bhopal, Ahmedabad, Vizag, Chandigarh.

AREA SALES MANAGER

Incumbent will report to Branch Manager and serve as a link between the Branch Manager and the field Sales force. He will handle specified territories within the Branch Area and will assist the Branch Manager in day to day activities.

Graduates below 30 years of age having relevant 2/3 years experience in consumer industry eligible. Experience in leading a field Sales force would be of advantage. Management Graduates from IIM or equivalent, with lesser experience may also apply. Posting anywhere in India.

Emoluments shall be commensurate with qualification and experience, and shall not be a limiting factor for the right candidate.

Please apply within 15 days superscribing on the envelope the post applied for to
Box No. AA/272/LJ/2, **Business India,** Krishna Villa, 100 Park Street, Calcutta 700 017

ESCORTS

Escorts is one of India's leading engineering companies, with an annual turnover of over Rs.480 crores. We have a highly diversified range of engineering products of Farm mechanisation, Biwheelers, Auto ancillaries, Earth moving and Road construction and Telecommunications. To meet our ambitious growth and expansion plans, we need :

SENIOR MARKETING PROFESSIONALS

We are looking for high profile executives to occupy Top positions in Marketing for our existing product groups, as well as in diversification areas.

The job requires formulation and implementation of strategies, coordination with manufacturing and augmenting a well established national dealer network. Development and motivation of a large sales force, consolidating and sustaining our present market leadership position in all product groups, will be the primary challenge.

The incumbents will be responsible for Sales and Marketing operations at an All India level.

We are looking for outstanding marketing professionals with proven experience and an unflagging zeal for achievement. The desired profile is of an Engineer, or a reputed business school graduate, over 38 years of age, with 12 to 15 years marketing and sales experience in companies of repute, of which atleast 3 years should be as a department head.

Escorts offers excellent growth opportunities for result-oriented persons. The natural career plan for the selected individuals would be of a composite Profit Centre Head.

Please send your resume in complete confidence, within 10 days, giving details of the present compensation package to:

General Manager
Corporate Management Development
ESCORTS LIMITED
18/4, Mathura Road Faridabad 121 007

RABA
CONTEL

RABA CONTEL (P) LTD. is a dynamic and highly result-oriented Company, marketing in India and other South East Asian Countries, the entire range of Computers under the brand name 'APPLE' manufactured by their Principals Apple Computer Inc. U.S.A. The Company primarily sells Computers to the Graphic, Publishing and Printing Industries and is now poised for rapid expansion and diversification.

To meet its growth objectives, we have been retained to select the following Professionals :

ALL INDIA SALES MANAGER

(Code : MAS 8061)

DELHI **Rs. 1.25 Lac + Incentives**

The Candidates must be MBAs from one of the premier Management Institutes with specialisation in Marketing with a minimum experience of 10 years in selling Computers of which at least 5 years should be in a Senior Management position.

The selected candidate will report to Marketing Director and shall be responsible for achieving annual sales targets on an on-going basis at budgeted costs. He will be assisted by Regional Sales Managers and Customer Support Executives. He will be required to organise efficient distribution through a network of dealers located in all major cities of India. Age around 35 years.

MANAGER-BUSINESS DEVELOPMENT

(Code : MAS 8062)

DELHI **Rs. 1.25 Lac + Incentives**

The Candidates must be graduates in Electrical/Electronics Engineering with an MBA degree from a recognised Institute. They should have a minimum of 5 years experience at a middle management level in Institutional selling. Experience in Project Management particularly Medical Electronics will be an advantage.

The incumbent will head Medical Electronics Division of the Company. It is a senior techno-commercial position reporting to the Executive Director. The responsibilities include identification of products, feasibility studies, assessing market potential and the selection of machinery and equipment. He will be required to set up manufacturing facilities for the selected products in Medical Electronics and manage the Division as a separate Profit Centre. Age around 35 years.

PRODUCT MANAGERS-2 POSITIONS

(Code : MAS 8063)

DELHI **Rs. 1 Lac + Incentives)**

The Candidates must be MBAs from a reputed Institute with a minimum of 3 years experience in Product Management of consumer durables/electronics preferably Computers.

The selected candidates will report to Marketing Director and shall be responsible for functions e.g. Product Development, Product Launch, Market Research, Advertising and Sales Promotion. Age around 27 years.

RABA CONTEL is managed by action-oriented, technology-driven and dedicated marketing professionals who believe in achieving excellence. Our client is, therefore, looking for professionals who will blend with this team and be able to give their best in a highly demanding working environment and corporate culture.

In addition to the above emoluments, the Company offers an attractive incentive scheme based on performance.

Please apply in strict confidence within 10 days quoting job title and code number to :

HUMAN RESOURCES DIVISION :

PRESTIGE LINKERS PVT. LTD.

(Management Consultants)
Post Bag No. : 24, New Delhi-110 017. Phones : 6443873, 6416275.

INTERNATIONAL CERAMICS LIMITED

We are setting up an ultra modern Wall and Floor Ceramic Tile plant with a capacity of 15,000 tonnes per annum at Julana, Distt. Jind (Haryana), about 90 kms. from Delhi. The project, at a capital outlay of Rs. 14.60 crores, is being set up in technical and financial collaboration with the world renowned ALFA CERAMICS, ITALY.

We need the following key personnel to undertake project implementation at a fast speed.

PROJECT MANAGER

The position requires a seasoned professional of high calibre and experience, who will be responsible for speedy implementation of the project. He will be required to achieve corporate objectives and provide dynamic leadership to create a dedicated team at all working levels. Candidates should be Graduate Civil Engineers with minimum 10-15 years sound technical experience of which at least the last 5 years should have been in a similar industry. Age about 40 years.

MARKETING MANAGER

The incumbent, part of the top management team, will be responsible for the appointment of dealers/stockists at district level and for planning and achieving sales targets at the all-India level. Candidates should preferably be MBA with at least 10 years sales/marketing experience in consumer products, of which at least 3 years should be in the Ceramic Industry. Preferred age about 35 years.

MATERIALS MANAGER

The selected candidate would be a Graduate Engineer, preferably with a Post Graduate qualification in Materials Management/Industrial Engineering, with 7-10 years experience in the Ceramic Industry. Knowledge of other areas of Materials Management such as production planning, inventory control, project and machinery purchase would be a distinct advantage. Preferred age 30-35 years.

FINANCE MANAGER-CUM-COMPANY SECRETARY

The incumbent shall report to the Managing Director and will be responsible for the secretarial and legal functions of the Company like Company Law Board matters, Licensing, Secretarial services and dealings with the Government and Financial Institutions at the highest level. He should have proven ability to deal with National and International institutions for fund mobilisation and have full knowledge of the statutory requirements of exports and imports. Candidates should be C.A. and Company Secretary preferably with Graduation in Law, and have a proven track record. At least 10 years of relevant experience is essential in an organisation of repute., preferably in a company with foreign NRI equity participation. A strong commercial sense and ability to deal with a variety of situations in a challenging environment is a pre-requisite to the job.

Salary and perquisites will be commensurate with qualifications and experience and will not be a constraint for the right candidates.

Please write in full confidence with detailed biodata, indicating salary drawn and expected, to :

Director
INTERNATIONAL CERAMICS LIMITED
1/16-A Asaf Ali Road,
NEW DELHI-110 002.

Sobhagya/169/88

TECHNICAL DIRECTOR

South India

Salary around
Rs. 150,000/- p.a.
+ housing
+ other perquisites

A profitable South India group wants a Technical Director for its largest company which has a turnover of over Rs. 100crores. This company is in the heavy engineering industry making different kinds of machinery and has been continuously profitable over the years. This position is located in an important city in the South. The company has just undertaken a diversification recently.

Candidates are expected to be Mechanical Engineers who have been involved in a Heavy engineering industry and posses proven track record. They should have the ability to lead a large team and guide the various managers. The supporting managers in the company are of a high quality and our client is looking primarily for people who are quality conscious as their product is a market leader and has been among the best in the market. The Technical Director will be responsible for production, quality control, works personnel and R & D. The operation is running smoothly and our clients are looking for a steady, solid achiever.

Preferred age : Over 50 years

The starting salary will be negotiable in the range mentioned above. The salary package will be tailored to maximise take home pay. Perquisites include housing, car and driver, retirement benefits and other usual perquisites that go with senior position.

Please apply in strict confidence, within 10 days to:

A.F. Ferguson Associates
Post Box 1786
Bombay 400 001

giving full details of age, qualifications, experience and salaries drawn. All applications and envelopes should be marked 'Ref. MS/4913'. Candidates not contacted within three months of application, may assume that they are not being considered.

THOSE WHOM YOU RELY ON, RELY ON THE JEEP.

To be a keeper of the law,
is no easy task. Help someone
out, one minute; chase a dangerous
criminal, the next.

Which is why those whom you – and the
nation – rely on, have always trusted the Mahindra Jeep.

Safe and sturdy, with amazingly low fuel and maintenance costs.

And that unique Jeep styling which has set an ageless trend. Worldwide.

The Mahindra Jeep.
For you, it's performance
you can rely on.

Mahindra Jeep®

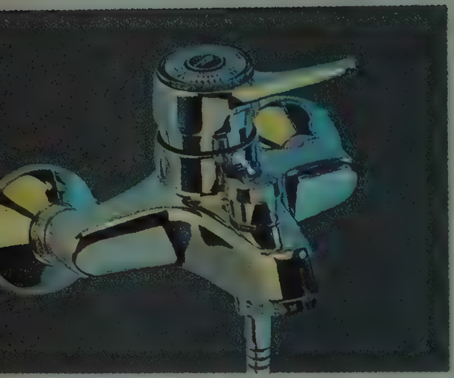
Performance you can rely on.

Mahindra

THERE IS NO OTHER JEEP MADE IN INDIA

everest/88/MM/200

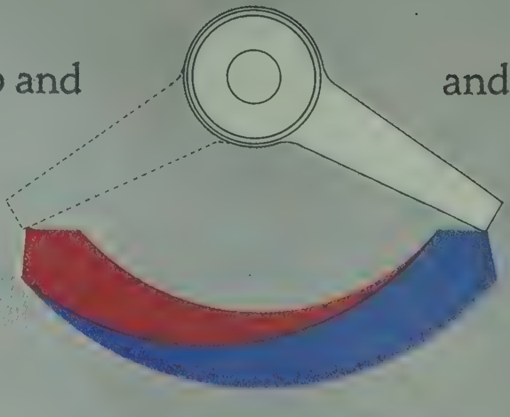
RANUTROL HANSA AQUA THE EASIEST WAY TO GET HOT WATER.



Bathing is such a joy with the Ranutrol Hansa Aqua Mixer. The single-lever water temperature and flow control.

Just one flick of the lever and you get hot or cold water. Or any temperature in between.

Move the same lever up and you get more water. Move it down, you get less.



No unpleasant shocks. No groping around with two taps. No changing rings and washers ever – the Ranutrol Hansa Aqua Mixer simply doesn't have any. Thanks to

For a free booklet, write to: Auto Controls Private Limited, 414, New Delhi House, 27, Barakhamba Road, New Delhi 110 001. Tel.: 331 6464

IXER.
OLD OR AS-YOU-LIKE-IT

the ceramic cartridge technology of Hansa Metallwerke AG, the world's largest seller of aqua mixers. A name synonymous with convenience and style.

So, if you want to take it easy in your bathroom or kitchen, all you have to do is choose from a range of stunning designs.

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AQUA MIXER
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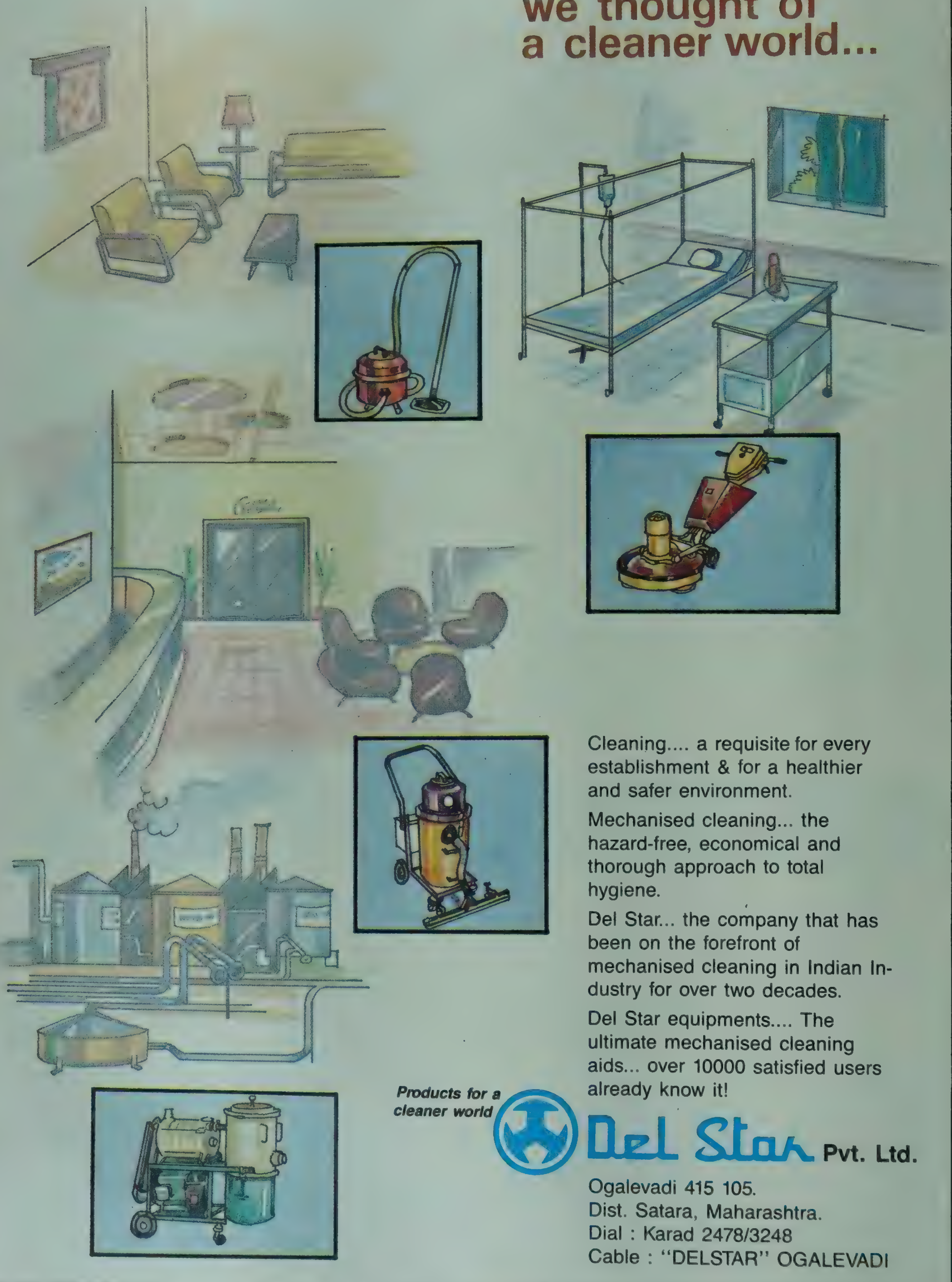
Enterprise/D/ACL/112

It's time we thought of a cleaner world...



Cleaning.... a requisite for every establishment & for a healthier and safer environment.

Mechanised cleaning... the hazard-free, economical and thorough approach to total hygiene.

Del Star... the company that has been on the forefront of mechanised cleaning in Indian Industry for over two decades.

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AD-VENT/DPL/351

Weston®

The electronics people

The Perfect Opportunity.

Growth with one of India's largest electronics group.

Weston, the largest private sector electronics group in the country, is now poised for rapid growth. For the year 1988-89 our projected turnover is Rs. 200 crores. But through our ambitious diversification plan we expect to increase it to Rs. 500 crores by the year 1990. To achieve this, we have set up a Projects and Planning Cell which will co-ordinate all our activities. We require the following people for our various projects.

Production Manager

PCB Project

He will be required to supervise the installation of the equipment for the manufacture of single sided die punched PCBs. These PCBs will be used in TVs, Tape recorders and Radios. He should be an Engineering graduate with at least 3 years' experience in the production of PCBs in any medium sized factory in India.

Production Manager

Micro Motors Project

This Project is being set up in technical collaboration with a Japanese company and will manufacture micro motors for use in tape recorders, two-in-ones, etc. The selected candidates will be responsible for the commissioning of the Project from start to finish. He should be an Electro-Mechanical graduate with a minimum experience of 10 years in the production of micro motors or other allied products.

Production Manager

Deflection Components for CTV

We already produce deflection components for B&W TVs. We now propose to set up an additional plant for the production of deflection components for CTVs. The Production Manager will be responsible for the production of these items. The candidate should be a graduate in engineering Electronics/Mechanical/Electrical with a minimum of 5 years' experience in the same line.

Production Manager

We are looking for a professional with shop floor experience in TV cabinet making. He should have an eye for detail and should be aware of all facets of cabinet making. He should also be able to lead and motivate a team of craftsmen. Candidate should have experience in pneumatic equipment with a minimum of 4 years'on the job experience.

Project Manager

The selected person will assist the Chief Executive in all technical and administrative matters. Responsibility includes maintaining schedules, cost control, liaison with various agencies, etc. The incumbent should be an electronics or mechanical engineer with 10-15 years' experience, out of which at least 3-4 years should be in Projects. Exposure to Industrial Engineering activities will be an added advantage.

Project Engineer

An electronics engineer with 3-5 years' hands-on experience in the electronics industry.

Candidates with dynamism and innovative ideas with proven track records will be preferred. Besides salary, we offer attractive perks and excellent growth opportunities.

Projects will be located in our various industrial complexes, at Dharuhera/Noida/Surajpur/Dadri.

Please apply in strict confidence within 15 days, to:

The Chairman
Weston Electroniks Limited
Weston House, Okhla Industrial Estate
New Delhi 110 020

WEL-159

asian paints
(INDIA) LIMITED

We are setting up a paint manufacturing factory at Kasna near Delhi, in keeping with our plans for rapid growth. The Executive team for this factory is being constituted through a mix of existing incumbents and fresh recruits. They will take up responsibilities in any one of our existing facilities at Bombay, Ankleshwar and Patancheru or at the new location. We require ENGINEERING PROFESSIONALS/TECHNOLOGISTS to man the following positions:

MANAGERS-PLANT ENGINEERING

They will report to the Factory Manager, and, as the plant's authority in Engineering—related matters, will be responsible for managing ongoing projects for maintenance, renovation, expansion and modernisation of all assets in the plant; ensuring improvement of outputs of existing machine resources on an ongoing basis; educating users on practices relating to machine utilisation and management and in the process, build an effective Plant Engineering team in the plant.

Applicants should be Mechanical/Electrical engineers from reputed institutions. They should be around 32 years of age with approximately 10 years' experience in the engineering/chemical industry with maintenance/erection functions and currently holding comparable positions.

PLANT ENGINEERING EXECUTIVES

Reporting to the Manager—Plant Engineering of any of our plants, they will be required to conceive and implement comprehensive routine and preventive maintenance programmes with ongoing emphasis in areas such as improvement of measurement systems, energy consumption norms, improvements/standardisation of equipment and mechanisation; evolve and ensure adherence to specifications and operating instructions with regard to usage and upkeep of all assets in the plant; and supervise, guide and train a team of subordinates.

Applicants must be Mechanical/Electrical engineers of around 26 years of age from reputed institutions with around 5 years' similar work experience.

PRODUCTION EXECUTIVES

Reporting to the Production Manager of any of our plants, they will be required to ensure accomplishment of results with respect to volumes, costs, quality, resource productivity, safety and housekeeping; supervise, guide and train a team of subordinates; and in the course of regular working, identify and execute projects which will be of import to the concerned plant and other units as well.

Applicants should be Chemical Engineers/Technologists of around 26 years of age from reputed institutions with around 5 years' similar work experience. Post graduate qualifications in Production Management will be an advantage.

Compensation for these positions is attractive and is designed to attract the best available talent. Applications giving details of academic qualifications, work experience, salary drawn and expected, references, locational preferences if any, along with a passport size photograph may be sent to:

The General Manager (Personnel)
ASIAN PAINTS (INDIA) LIMITED
L B S Marg, Bhandup, Bombay 400 078.

Please superscribe the position applied for, on the envelope.

ADROIT

SENIOR MANAGER
(FINANCE)

MS 2011

A professionally managed company in Gujarat with turnover around Rs. 200 crores wishes to recruit a Senior Manager for its finance operations.

The incumbent will oversee all financial functions like corporate financial planning, budgeting, accounting, MIS, taxation, etc. Initially he will report to the General Manager (Finance) with bright prospects of taking independent charge of the finance operation in due course.

Applicants must be in 45-50 years age group with Chartered Accountant/ Cost Accountant qualification and a minimum of 10 years experience in handling financial management and control at a senior level in reputed companies. Candidates with additional qualification of MBA (specialisation in finance) will be preferred. This is a senior management position requiring considerable accounting, inter-personal and management skills.

The company offers an attractive compensation package. The total emoluments will be about Rs. 1 lakh per annum plus car and attractive retirement benefits.

Please apply within 7 days to:

S.B. Billimoria & Co.
113, Mahatma Gandhi Road
Bombay 400 023

superscribing MS 2011 on the envelope and resume.

CHAITRA B SBB 52

SENIOR
FINANCE EXECUTIVE

MSD - 1057

**Gross Emoluments
around Rs. 1,00,000/-p.a.**

A progressive and professionally oriented manufacturing Company having collaboration with a well known U.S. Company, with factory near Delhi and branches all over India needs an experienced person as Senior Finance Executive.

This is a senior management position, calling for considerable skills and initiative. The incumbent will report to the Vice President (Finance) and will be required to assist him in exercising overall charge of the Finance and Accounts Department and oversee the commercial activities of the Company. He will be responsible for funds and cash management, budgetary control, MIS, and computer application. He will also be responsible for liaison with banks and financial institutions. The incumbent will also be involved in policy planning relating to various divisions of the Company.

Candidates must be Chartered Accountants or MBA with a minimum of 7-8 years' experience in responsible managerial position of a reputed company with exposure to dealings with banks and financial institutions. The preferred age group is 28-35 years.

Applications giving full details of age, qualifications, experience, present salary and perquisites should be sent within 10 days, quoting reference MSD-1057 on the envelope and the application. All applications, which will be treated in strict confidence, should be addressed to :

S.R. BATLIBOI CONSULTANTS PVT. LTD.
M-33, (Market) Greater Kailash - II
New Delhi - 110 048

DPS/SRB/-882

SPIC

Southern Petrochemical Industries Corporation Limited (SPIC), a prominent fertiliser manufacturing organisation, with a multi crore turnover and ranked among the top corporations in the country, has diversified into growth related areas like Petrochemicals.

CHIEF MARKETING EXECUTIVE

SPIC group with its Linear Alkyl Benzene facilities in the joint sector, has organised with M/s HENKEL of West Germany, leading Detergent manufacturers, for technology for the manufacture of phosphate-free detergents. The group is looking for Chief Marketing Executive. The incumbent should be a strong consumer oriented marketing professional from a similar field of operation, capable of promoting new product lines in the field of detergents.

He will be assisted by a team of marketing professionals and should be able to organise the entire department with modern outlook in business.

Preferred age : Mid 30s.

Candidates keen to join in an exciting field of operations may apply to :

Jt. General Manager (Admn. & Pers.)
Southern Petrochemical
Industries Corporation Ltd.,
97 Mount Road, Guindy,
Madras 600 032.

GROWTH...
BOUNTIFUL GROWTH
IS OUR BUSINESS

184/88

We have been Retained by a very Progressive Export Organisation dealing in **BRASS, HANDICRAFTS, LEATHER GARMENTS** and **SHOE UPPERS** etc.. The Organisation for their future expansion and diversification plans require :

GENERAL MANAGER
(LEATHER GARMENTS)

The incumbent should be from the Production Line with thorough knowledge of procurement of Finished Leather. Should have handled such a unit independently for minimum 5-7 years. Should be able to handle independently and efficiently all aspects of Manufacturing, Quality Control and other related areas.

MANAGER-QUALITY CONTROL

The incumbent should have experience of working in a Leather Garment Unit and looking after quality aspects at every stage. The main function would be to look after Final Product Quality and Coordinate between the Fabricators and the Factory.

COORDINATION EXECUTIVE

The incumbent should be well Qualified with 2-3 years experience in Coordination between the factory operation and administration. Should be able to coordinate between the Overseas Buyers and the Organisation. Knowledge of the Leather Garment Trade is necessary.

SALARY TO COMMENSURATE WITH QUALIFICATIONS AND EXPERIENCE.

Please apply in strict confidence to :

MR. SUDHIR CHAUDHRY
Human Resources
Consultants
B-21, Nizamuddin West, New Delhi-110 013

EXPORT ADMINISTRATION MANAGER

Our client is a professionally managed, rapidly growing Company, a part of a worldwide network of companies handling high technology products. It is a market leader with current turnover exceeding Rs. 75 crores, which includes a sizable amount from EXPORTS.

The Company wishes to recruit an EXPORT ADMINISTRATION MANAGER to be located at DELHI, who would be responsible for timely and effective execution of Company Exports, leading a team of young professionals. The candidate, 30 to 35 years of age, preferably with a qualification from IIFT, should have minimum 5 years of 'hands on' experience in a large Export House or Export oriented Company. Knowledge of export procedures and documentation alongwith experience of handling advance licencing, duty drawbacks and CCS etc., is essential.

The Company offers a challenging and professionally stimulating experience with ample scope for career growth, alongwith a compensation package that matches the industry's best.

Please apply in strict confidence within 7 days to :

S.B. Billimoria & Co.

Post Box No. 4325
New Delhi-110 019

superscribing "ES-6642" on the envelope & the resume.

PDI

Synthetic Resins, Pigments, Surfactants
& Auxiliary Chemicals

India's largest manufacturer of Synthetic resin emulsions

Requires

LEGAL MANAGER CUM COMPANY SECRETARY

Bombay

Salary Negotiable
+ Car

We are a member of a progressive and rapidly expanding group having turnover exceeding Rs. 70 crores manufacturing CONSUMER PRODUCTS, FEVICOL ADHESIVES, SYNTHETIC RESINS, PIGMENTS, DYES & CHEMICALS. These products are marketed through a large nationwide dealer network as well as directly to a diverse range of large industrial customers.

Apart from normal expansion the group is in the process of implementing a Petro Chemicals Project with foreign collaboration. This position has arisen mainly due to expansion and growth.

THE JOB
In overall charge of all legal and secretarial matters of a group of companies including Central Excise, Customs, Company Law and other Commercial Laws applicable to trade and industry. He will also be required to liaise with solicitors and represent the Company at a Senior level before the authorities and financial institutions.

QUALIFICATION & EXPERIENCE
Candidates should be qualified Company Secretary with a degree in law and minimum 10 years experience in related areas out of which atleast 5 years must be in a responsible position in a manufacturing company.

AGE: Around 35-40 years.

SALARY
Will not be a constraint for the right candidate. Perquisities include, Company Car, L.T.A., Medical, Group Insurance, Superannuation, P.F. & Gratuity.

The position offers ample growth prospects in terms of career and compensation.

Please apply in confidence to:

The Director,
PDI CHEMICALS PVT. LTD.
Ramkrishna Mandir Road,
Off Mathurdas Vasanji Road,
Andheri (E),
Post Box No. 17401,
BOMBAY-400 059

Catalyst PDI-A-0578

AMTREX

We are a fast growing professionally managed organisation marketing AMTREX AIRCONDITIONERS on an all India basis. We have ambitious plans to diversify into other consumer durables and increase our turnover from present Rs. 10 crores to Rs. 30 crores within next 3 years.

To strengthen our Marketing Team we require the following Senior Personnel :

REGIONAL MANAGERS

AHMEDABAD AND DELHI

The incumbents will head the company's operations in their regions and will be responsible for accelarated development/penetration of their markets. They will lead a team of young, ambitious sales/service personnel and be expected to deliver targetted results.

Prospective candidates should be graduates preferably with MBA qualifications. They should have 8 to 10 years experience in sales/marketing of consumer durables/office automation products of which atleast last 2-4 years should be at the level of Area Manager/Branch Manager/Regional Manager.

AREA MANAGERS

BOMBAY/CALCUTTA/DELHI

The incumbents will be in total charge of their territories and will be responsible for delivering targetted results. Prospective candidates should be graduates preferably with MBA back – ground. They should have 4 to 6 years experience in Sales/Marketing of consumer durables/office automation products.

Prefernce will be given to IIT/IIM graduates.

For all the above positions the remuneration package will be very attractive and will not be a constraint. The Company offers excellent growth opportunities.

Please apply in strict confidence within 10 days to :

The General Manager - Marketing
Amtrex Ambience Pvt. Ltd.
'Rachana',
Shahibaug Road,
Ahmedabad - 380 004

norm'A

---

abs plastics ltd

REQUIRES

PROJECT MANAGER:

Graduate Chemical Engineer with minimum 10 to 15 years of experience in Project Planning, development in Chemical Units preferably in Polymer Products. He should be able to take charge from drawing board stage and will be responsible for design, erection and commissioning of Plant/Machinery and able to co-ordinate between all concerned agencies to ensure time bound implementation.

CHIEF ENGINEER:

Candidate should be B.E. (MECH) with 10 to 15 years of experience of independent working in maintenance of Chemical/Petro-Chemical Industry. He shall be responsible for all types of Engineering services including generator, boiler and all other installation in the factory. He should have leadership qualities with initiative in planning of preventive maintenance.

Added qualification of B.E. (ELEC) shall be a plus point.

Above positions are in Senior Management Cadre and carries attractive remuneration perks.

Interested candidates should apply within 10 days giving full details of age, qualification, experience, salary drawn and expected to:

THE MANAGING DIRECTOR
ABS PLASTICS LIMITED
11TH FLOOR, KIRTI TOWER
SAYAJIGUNJ, BARODA-390 001
(GUJARAT).

Jay Electric Wire Corporation Ltd.

We are a professionally managed precision engineering company manufacturing tungsten and moli wires and filaments for lamp and tube industry. We enjoy enviable reputation in the market and command sizable market share. We have chalked out ambitious growth plans for the future.

We wish to appoint:

ASSISTANT SALES MANAGERS
(NORTH-DELHI, SOUTH-MYSORE)

The incumbent will be responsible for all sales related matters in the territory. This includes sales planning, customer service, follow up, liaison with production, and collection.

The candidates will be mechanical engineers (BE/DME) with about 8 years relevant selling experience. They should have pleasant personality, possess good written and oral communication ability and have proven track record of selling success.

EXPORT MANAGER (MYSORE)

The incumbent will be in charge of Export Operations. He will be required to study and discern trends in international markets, identify opportunities, conduct negotiations and finalise deals. He will also take care of export procedure and documentation. He will be responsible for achievement of export targets.

We are looking for a Mechanical Engineer (BE/DME), with export management qualification, preferably from IIFT. He should have 5/7 year's experience in export marketing, preferably with lamp industry and first hand knowledge of foreign markets. The job will involve travel abroad.

The above positions carry decent salary and perks.

Write in confidence, giving full details of qualification, experience, family background, and salary drawn and expected, within fifteen days to :—

THE GENERAL MANAGER,
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(A Div. of Balkrishna Industries Ltd.)

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VICE-PRESIDENT (OPERATIONS)

Balkrishna Industries Limited, an existing and highly successful company, belonging to Siyaram Poddar Group, has set up an ultra modern Automotive Tyre Plant at Aurangabad (Maharashtra) with a licensed capacity of 20 lac tyres at an initial outlay of Rs.15 crores and has plans to invest further Rs.30 crores in the Second Phase of the project. A foreign collaboration with one of the reputed international giants is in the offing. The commercial production has recently commenced and the first year's production is expected to be Rs.25 crores going up to Rs.100 crores per annum in the next 5 years on completion of the Second Phase.

THE JOB: The Vice-President (Operations) of the Automotive Tyre Division will be responsible for:

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- Establishing, leading and integrating a team for achieving desired results.
- Heading and taking the responsibility for the Profit Centre.

He will be supported by a team of senior functional managers, both technical & administrative.
He will report directly to the Executive Director of our Company.

THE PERSON: Preferably a Graduate Engineer with minimum 15 years relevant experience in the Automotive Tyre/Rubber Industry, of which atleast 5 years in a similar capacity. Technical competence blended with commercial acumen and the ability to lead and motivate a professionally competent team in the highly competitive, cost and quality-conscious market is a pre-requisite.

THE REMUNERATION: Remuneration will not be a constraint for the right candidate and is entirely negotiable.

If you are confident of making a success of this challenging assignment write in confidence within 10 days marked 'Personal' to:

The Executive Director
Balkrishna Industries Limited
419, Creative Industrial Estate, 72, N.M. Joshi Marg, Bombay 400 011

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VICE-PRESIDENT – EXPORTS

(for Indmag, Delhi)

The candidates should possess a Post Graduate qualification in Management/Business Administration, have a minimum of 10 years experience in Export Management, and be in the age group of 40 to 45 years. The annual remuneration will be in the range of Rs. 1,25,000 – Rs. 1,50,000 plus perks.

Please mail in your resume within a fortnight to:

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DODSAL PRIVATE LIMITED
6th Floor, Naveen Complex, 14, M.G. Road,
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GENERAL MANAGER–CORPORATE MARKETING

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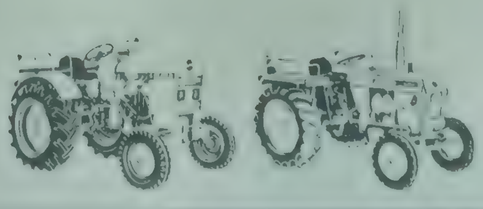
We are looking for a creative marketing (not sales) specialist to act as a stimulating force in generating a more customer oriented and innovative marketing outlook.

Compensation is not likely to be a constraint for the right candidate. Perquisites include Company leased housing, car, residential telephone, LTA, medical etc.

Post-graduates in Marketing Management with at least 8 to 10 years of experience in marketing in a highly competitive environment or with an Advertising agency of repute may apply within 10 days in strict confidence to the Chief Executive, Eicher Goodearth Limited, Satkar, 80, Nehru Place, New Delhi-110 019.



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Our client, a recently established company has been appointed distributor in the UAE for an internationally reputed manufacturer of mainframes, minis and micros. We have been retained to select a General Manager to head the operations.

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Candidates will be seasoned computer professionals and must have a strong marketing background. They should currently be in a similar general management position with one of the reputed manufacturers/distributors. The ability to spot and exploit business opportunities in a highly competitive market would be necessary. The preferred age is 35—40 years.

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The right candidate would be a Chartered Accountant or a Law Graduate with10-15 years' relevant experience in handling taxation matters of a large company of a similar nature. Apart from sound knowledge of tax laws, familiarity with accounting procedures, Company Law and other Corporate Laws is necessary.

This is a senior position and atleast 5 years experience in a senior capacity is essential.

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Please write in confidence to :

Assistant General Manager, Management Development,
Ballarpur Industries Limited, Thapar House, 124 Janpath,
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The Thapar Group

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Persons with experience of working on a Wire Rod Mill will be preferred.

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A degree or diploma holder in Electronics with 5 to 6 years' experience in design of Control Systems of industrial machines incorporating AC/DC thyristor Drives, Programmable Controls, Soft Starts etc. will meet the job requirement.

Persons with experience in the manufacture of Control Panels and commissioning of machines will be preferred.

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Though experience is not essential, 2 years experience would be preferred.

Salary offered will be commensurate with qualification and experience. Preferred age group is between 25 and 30 years.

Please apply within seven days, enclosing a detailed bio-data and a passport sized photograph to:

SR. MANAGER (EMPLOYEE RELATIONS)
SHRI RAM FIBRES LIMITED
MANALI INDUSTRIAL AREA
MANALI, MADRAS 600 068.

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"Our thinking must be non-conventional"

Shortfalls in power availability will not be remedied by "conventional thinking" and investments in conventional energy sources, says **Vasant Sathe,** *the outspoken energy minister. Sathe spoke to Siddharth Dube of* Business India *in Delhi recently on a range of issues pertaining to this vital sector*

As energy minister, what do you feel are the major problems in the country's power sector. How can these be tackled?

The most important problem in the power sector is to adequately enhance power generation capacity.

In spite of the fact that we've made a tremendous addition to capacity since independence — from 1,700 MW in 1950 to 52,000 MW of installed capacity today — it is essential that we add more. Because, despite the increase so far, per capita availability of energy is far below international norms. It is less than 200 kWh in our rural areas. In contrast to this, the world average is 2,700 kWh. This is a gap we have to close as one of the indices of development is per capita availability of energy. So our most important priority must remain the enhancement of power generation capacity. It will, of course, be a tremendous task to increase our capacity by ten times; just a doubling of our installed capacity will cost us Rs.100,000 crores.

The criticism is often made that we continue to wrongly stress expansion of capacity rather than improvements in efficiency. Is this a valid argument?

There is some substance to this. Power conserved is power produced without additional cost. And at today's cost of adding additional capacity, one MW of power conserved means a saving of Rs.1 crore.

Nevertheless, *"Daanth kor ke pet nahin bharta"* (one cannot fill one's stomach by picking one's teeth). At present our need is so great that additional capacity must be our first priority.

To what degree will expansion in the power sector continue to be tied to foreign aid?

I'm not so scared of this foreign aid issue; no one who sets up a power plant here is going to take away your power plant. And every addition to power capacity is an augmentation of industrial production.

Our thinking on finding resources for additions to our power sector is that we must invest what we can from our own resources, and also attract foreign investment and private sector investment. In terms of our own resources, power has been given the largest investments of any sector — Rs.35,000 crores in the Seventh Plan for adding 22,000 MW. And if you consider investments made in coal, nearly half of our planned investment is in power-related sectors.

What is the status of the government's policy to encourage private sector investment in this area?

The cabinet has approved in principle the guidelines issued by us. The details are being worked out and will be placed before parliament this session.

Industry's first response has been to ask whether the government means what it is saying. As they don't know the details, there is also some doubt about whether the policy will be sufficiently attractive to them.

You have said publicly that non-conventional energy sources have not been exploited because factors beyond your control. Wha were you referring to here?

My favourite topic! To be very hon our thinking must also be non-conventional to encourage development of non-conventional sources. With conventional thinking we'll continue to rely on conventiona sources.

I feel that the real solution to our energy problem lies in our ability to develop perennial and renewable sources of energy. Fortunately, technological breakthroughs have be made that allow substantial amount electricity to be generated from such sources. The cost of these units is commercially attractive. They do no cause pollution and do away with th need for setting up vast transmissio networks across the country.

Personally, I would want at least Rs.5,000 crores to go towards the development of non-conventional energy in the Eighth Plan. In the Seventh Plan, non-conventional ene has been given just Rs.500 crores w is ridiculous. And we have not even spent Rs.100 crores on solar energy R&D. How does one expect this technology to be developed then?

There has been substantial critic of the government's plans to expand its nuclear energy programme. What role do you f should be given to nuclear ener in this country?

There are many points of concern. I not a very safe source of energy; the gestation period for these plants is long; and there is also the question waste disposal and what to do with plants when their operating life co to an end.

I don't want to quarrel with those w have already taken the decision to expand our nuclear energy program but I would personally rather put Rs.2,000 crores into solar energy th into setting up a nuclear plant.

One last question. Do you find th the rate of return on large powe projects is adequate to service y interest payments on borrowing from the capital market?

We have been getting a good respo from the capital markets, to our offerings from the National Therma Power Corporation and so on. With improvements in plant load factor efficiency, we should be able to serv our interest requirements.

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CONTENTS

22 August – 4 September 273

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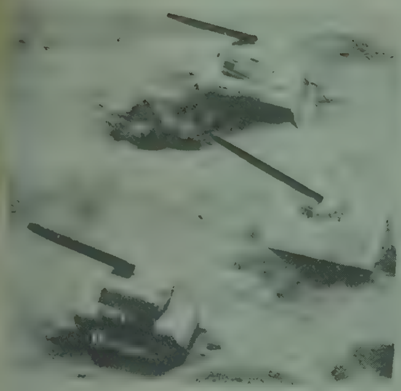
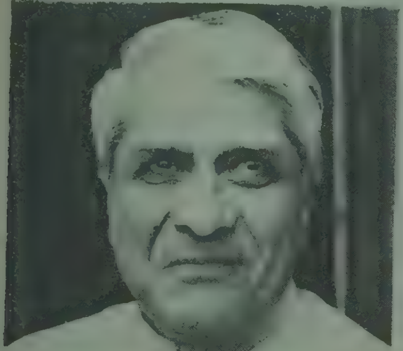


COVER FEATURE
48 **The soap wars**
Fresh from a massive shake-out last year, the Indian toilet soap industry is bracing itself for another round of marketing warfare. But the lessons learnt over the past few years will not be easily forgotten, for they haven't come cheap
SHANKAR P.



43 **Talking to Dinesh Singh**
An extended interview with the Union commerce minister

CORPORATE REPORTS
61 **Nagarjuna Group**
Testing time ahead
The Hyderabad-based Nagarjuna group has finally received approval for its prestigious Rs.650-crore fertiliser project. This is the largest joint-sector venture in Andhra Pradesh. However,the group is having a bumpy ride
S.N. VASUKI

69 **Best & Crompton**
Looking for a suitor
Only a quick infusion of substantial funds can revive Best & Crompton Ltd. The company is now without a chief; whoever takes over has a formidable task ahead
SUSHILA RAVINDRANATH and DHARANI K. PANI

72 **Spartek Ceramics**
Neycer in the bag
In its first year of full production Spartek established itself as the market leader in ceramic floor tiles. Now, with the takeover of Neycer, Spartek has emerged as the largest manufacturer
DHARANI K. PANI

37 TECHNOLOGY
Brain drain
A question of attitudes
DINESH MOHAN

77 INDUSTRY REPORT
BOPP Vs Polyester
The battle for the pouch
ALAM SRINIVAS

80 FOCUS
DPCO implementation
Confusion continues
N. RADHAKRISHNAN

87 GUEST COLUMN
Peace in the Gulf
Opportunities for Indian business
SRICHAND HINDUJA

91 MARKETING
Godrej and Boyce
Why the change?
EAPEN THOMAS

92 BANKING
BOI's ATM
A curious arrangement
KEYA SARKAR

97 STATES
Kerala
Karnataka

102 TAXATION
Export deduction
Free for all
KETAN DALAL

109 GOVERNMENT
Outrage in Nagaland
JASWANT SINGH

110 MANAGEMENT
Business studies
A centre for advanced studies?
G.A. MIRCHANDANI

113 OPINION
Factories (Amendment) Act 1987
Let's set about implementing it
N.V. BADAMI

200 INTERVIEW
B.S. Doraiswami
President, ICSI
DHARANI K. PANI

92 Banking
123 Books
25 Business Notes
22 Businessmen In The News
114 Corporate Monitor
61 Corporate Reports
48 Cover Feature
33 Economic Indices
35 Economic Outlook
161 Executive Ladder
80 Focus
10 For Your Information
109 Government
87 Guest Column
77 Industry Report
200 Interview
156 Investor Contest
159 Jobwatch
3 Letter from the Publisher
5 Letters to the Editor
13 Listening Post
110 Management
152 Market News
91 Marketing
164 National Executive Appointments
14 News and Events
113 Opinion
157 People
121 Professional Profile
162 Reader Service
97 States
154 Stockmarkets
124 Supplement
43 Talking to Dinesh Singh
102 Taxation
37 Technology

124 SUPPLEMENT
Software:
An emerging business
VIJAY MUKHI and
RAJU CHELLAM

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Code No.	Volume title	*HB	**SC
PART I General Management			
PART IA Business Policy & Leadership			
1.013	Corporate Strategy	—	331
1.014	Strategic Planning Comes of Age	—	378
1.061	Leadership Part I	—	283
1.062	Leadership Part II	—	283
1.063	Leadership Part III	—	283
1.141	Boards of Directors Part I	—	310
1.142	Boards of Directors Part II	—	378
PART I B Business Ethics and Strategy			
1.043	The Business of Ethics and Business	—	378
1.051	Guides to Corporate Responsibility	—	331
1.132	Public Policy and Private Enterprise	—	378
1.133	Legal Issues in Doing Business	567	378
1.134	Rethinking Business Government Relations	—	378
1.151	Managing Creativity	—	310
1.161	Strategy and Tactics in Mergers	441	331
1.181	From 1980: New Worlds for Business	472	310
PART IC Managing Special Organizations			
1.072	Saving Our Health Care System	—	378
1.082	Management of Nonprofit Organizations Part II	367	—
1.091	McKinsey Award Winners	430	310
1.101	Philosophy of Business Part I	430	331
1.102	Philosophy of Business Part II	430	331
1.111	Small Business Part I	430	331
1.112	Small Business Part II	430	331
1.113	Small Business Part III	—	331
1.114	Small Ventures: Tactics & Strategies	494	331
1.115	Trials and Rewards of the Entrepreneur	—	378
1.121	Public Relations	—	283
PART II Organizational Behaviour			
PART II A Effective Organizations			
2.011	Case Method Part I	—	310
2.012	Case Method Part II	410	310
2.013	Case Method Part III	410	310
2.091	Organizational Development Part I	—	331
2.092	Organizational Development Part II	—	331
2.093	Organizational Development Part III	—	331
2.094	Organizational Development Part IV	—	331
2.151	Developing an Effective Organization Part I	—	362
2.152	Developing an Effective Organization Part II	—	362
2.181	What's the Future of Labour Relations?	430	310
PART IIB Managing Human Resources			
2.021	Conflict & Cooperation in Management	—	331
2.022	Dealing with Conflict	—	378
2.023	Coping with the Difficult Employee	—	378
2.052	The Executive Life	—	378
2.061	Human Relations Part I	—	310
2.062	Human Relations Part II	—	310
2.063	Staying on Top of the Job	—	378
2.081	Motivation Part I	—	283
2.082	Motivation Part II	—	283
2.101	Performance Appraisal	—	283
2.121	Renewing the Will to Work	—	310
2.141	Effective Communication	—	331
2.161	Executive Power — Its Use and Misuse	—	283
PART IIC Developing Human Resources			
2.031	Executive Compensation Part I	410	—
2.032	Executive Compensation Part II	—	283
2.044	Essentials in Executive Developments	—	378
2.071	Equal Opportunity in Business	430	310
2.111	Personnel Management Part I	—	331
2.112	Personnel Management Part II	—	331
2.113	Personnel Management Part III	—	331
2.131	Training and Developing Executives	—	310
2.171	Employee Rights and Employer Programs	462	310
2.191	When the Executive is a Woman	—	378
2.201	Managing to Save Time	—	378
PART III Managerial Economics: Quantitative Approaches to Decision Making			
3.015	Basic Concepts In Quantitative Management	—	378
3.016	A Sampling of Quantitative Methods for Managers	—	378
Part IV Marketing			
4.015	Marketing Planning & Strategy Part V	—	310
4.016	Marketing Planning & Strategy Part VI	—	310
4.017	Marketing Planning & Strategy Part VII	—	310
4.018	Basic Concepts in Marketing Management	—	378
4.021	How to Improve Sales Management	—	331
4.041	Pricing for Profit	—	331
4.051	Product Policy for Consumer Goods Companies	—	362
4.052	Product Policy for Industrial Goods Companies	—	362
4.061	Advertising: Better Planning Better Results	—	362
4.071	Implementing Marketing Strategies Part I	—	378
4.072	Implementing Marketing Strategies Part II	567	378
4.081	Marketing Communications in a Changing Environment	—	378
PART V Finance			
5.022	Finance: Part III	—	310
5.023	Finance: Part IV	—	310
5.024	Finance: Part V	—	310
5.041	Pension Management	—	283
5.051	Transformation of Banking	567	378
PART VI International			
6.011	International Business	410	—
6.021	Managing the Multinationals	472	331
6.031	Selling in Foreign Markets	—	331
6.041	How Japan Works	—	378
PART VII Planning and Control			
7.011	Computer Management Part I	430	—
7.012	Computer Management Part II	430	—
7.013	Managing and Using Computers Part I	—	331
7.014	Managing and Using Computers Part II	567	378
7.042	Management Information Part II	—	310
7.053	Planning Part III	—	331
7.054	Planning Part IV		331
7.055	Planning Part V	—	331
PART VIII Production and Operations			
8.011	Managing Projects and Programs	—	310
8.024	Manufacturing: Reconsidering Old Solutions	—	378
8.025	Behind the Productivity Headlines	—	378
8.032	R & D Management Part II	430	
8.041	Inventory Policy	410	
8.051	Service Management	—	283
8.061	Manufacturing Strategy	—	283
8.071	The Management of Technological Innovation	—	378
8.081	Manufacturing Management: Logistics, Materials Inventory	—	378
8.091	Shop-Floor Management	—	378

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LETTER FROM THE PUBLISHER

Soap is a daily necessity used by all. The recent battles in the market place where different companies have tried to secure market shares for their own brands, are a foretaste of the shape of things to come.

As the shortage economy fades away, our society will become consumer-oriented. Already we are beginning to see that those companies that are able to satisfy the consumer's needs better are the ones that are moving ahead.

The Indian middle class is no different from the middle class in any other country. The ideas and aspirations are the same. The middle class wants a decent and comfortable life and is more than willing to work for it. Marketing men worldwide, have always recognised the importance of the middle class consumer. Our politicians have also finally woken up to the key role of the middle class in driving economic growth.

So far the conventional wisdom among our economists has always been to curb demand lest it lead to inflation. They are only now beginning to accept the common experience overseas that stimulating demand can lead to very rapid economic growth.

In such a society, where the consumer is the priority, marketing plays a key role. The shrewdest and the most successful marketing people gauge and understand what the public wants in terms of specific goods and services. They then seek to fill these needs. Unfortunately with our history of shortages, and the historical emphasis on manufacturing *per se*, our government certainly has forgotten the true importance of marketing.

A key element in marketing strategy is brand names. In this time's cover feature we look at what it takes to establish a successful brand name in the fiercely competitive soaps and detergents market. It is extremely difficult to establish successfully a brand name. But once a brand name is established it is an invaluable asset.

Contrary to the popular myths in official thinking, it is not only foreign brand names that succeed. If anything, corporate history of the last decade has shown that unknown Indian entrepreneurs, starting from scratch have successfully established the leading brands.

The Japanese also showed the world how to establish new brand names in electronics and autos; the Koreans are also doing it now. When will we be able to establish Indian brand names for the world market?

Ashok H. Advani

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LETTERS TO THE EDITOR

• DCM: some posers

Congratulations to Dilip Cherian on his excellent article "DCM — to split or sell" (Cover Feature, 11 July).

However, a few questions that have not been addressed:

With more than 40 per cent shares held by government, what has it been doing to safeguard the interests of the shareholders, employees, dealers etc?

Why should not the three MDs be chargesheeted for 'killing' the company with their personal ambitions and interpersonal conflicts?

Would the management guarantee a secure future to the employees working in its Kota complex? The technological obsolescence is not their problem.

The textile business has eaten away Rs.130 crores in the last 10 years. The losses are Rs.2.5 crores per month today. Does the company have any "turn-around plan" for textiles or would this loss further eat away the profits earned by the profit earning units such as sugar, vanaspati etc?

Does the management have any plans for projects expansion/ diversification for utilising the surplus funds of Rs.400 crores from the SFC sale and DCM land deal?

Is the top management communicating the reasons/ justifications for its various decisions to its employees? I understand the employees only come to know about these decisions through press reports.

Why have the financial institutions not ordered an enquiry into the cement project? Maybe the management has made money on it — otherwise, how can the project cost shoot up from Rs.12 crores to Rs.42 crores? Have the company auditors been looking into the "personal drawings" of the directors?

DEEPAK KHURANA
New Delhi

• Your cover story on DCM (11 July) was most timely and interesting. What was ailing this corporation has been brought to light for the first time.

The family squabbles have led to capacity underutilisation, quality degradation and ultimately the downfall of this mega corporation. If as you report, the sale of the Kota unit will fetch Rs.300 crores, the entrepreneur buying this unit will make at least a Rs.50-crore profit. This goes to show the complacent nature and inefficiency of the DCM management.

Some business houses in our country still regard the companies they control as their personal fiefdoms. While they are busy fighting for control among themselves, the companies' bottomline gets more and more red.

It is high time that public financial institutions took notice and shook up complacent managements.

SANJAY TANTIYA
Bangalore

• Soyabeans and India

The world soyabeans market came alive with the recent Soviet purchase of 860,000 tonnes of soyabeans and 1.6 million tonnes of soyameal. It is estimated that their purchases may hit 2 million tonnes of soyameal a year, largely to meet their increasing shortage of animal proteins.

With the favourable monsoon in India this year, soya farmers, processors and government agencies should co-operate to squeeze the maximum benefit out of this increased demand for soya products in world markets. In any case, even under drought conditions, southern India is fit for soya cultivation. The farmers there should be encouraged to take up its cultivation as an insurance against famine.

The government would do well to change the nature of imports by placing emphasis on raw materials, instead of finished products, where idle capacity is available. It should have imported soyabeans instead of oil, and thus enabled the infant soya processing industry to achieve some economy of operation.

K.G. VARGHESE
Kuwait

• Roads to nowhere

Kudos to Anand Mahindra on his excellent article titled "Roads to nowhere" (25 July).

India's road network at present is about 1.7 million kms. Our road density is low at 47.27 kms per 100 sq kms, whereas in neighbouring Sri Lanka it is 114.03 kms. Our highways are very poorly maintained. Our authorities seem to pay more attention to highways where VIP movements are more. For instance, in Bombay one can note the difference while driving between Borivali to the airport, and between the airport to the heart of the city. Similarly, the Bombay-Poona Road is far better maintained then the Bombay-Nasik Road. It is learnt that, of the total revenue earned from motor vehicle transport, hardly 35 per cent is being spent on the development and maintenance of roads.

We need to seriously consider tollways — roads which a motorist can use for a fee. The vehicle owner does not mind paying a rupee or two for travelling on a well-maintained road; this cost is nothing for a motorist, considering the cost of damages likely to be caused by a badly maintained road.

V. GANESH
Bombay

• Cars for NRIs

I am one of your regular readers, and I am amused to read the comments made by R.C. Bhargava of Maruti Udyog regarding export of Indian cars to earn foreign exchange (Business Notes, 27 July).

I do not understand what prevents them from offering cars on a priority basis to non-resident Indians for payment in foreign exchange.

This would partly prevent non-residents from opting for foreign-made new/second-hand cars while returning home. I am sure there will be a very good response to this offer.

G.S. KADBET
Hodeidah (Yemen Arab Republic)

• HP's industrial climate

In your 30 May issue chief minister Virbhadra Singh of H.P. talks about "an evolving industrial culture" (Interview). But the government is interested in development of interior areas, ignoring the areas adjoining other states. We should take advantage of the infrastructure development in other states. Cheap transport is necessary for the development of industry. Industrial education and training facilities in the state are scanty. Education and training on a mass scale is required on modern lines for the operation of electronically and computerised controls systems. In this context it is appropriate that the state should have a definite industrial policy and work in that direction.

V.K. AGARWAL
Pathankot

• Is big brother listening?

Partha Ghosh's article, 'India towards 2000 A.D.', has a lot of good points that India's planners would do well to take into account. One that was particularly appealing was his advice to

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stem the 'do-it-all' syndrome. Our government answers best to the description 'Jack of all trades'. It is high time we selected our priorities and concentrate on building the infrastrucutre. The government has no business running soap factories and making bread and other such items that can be produced with ease, and to requisite standards by the private sector. The government should instead concentrate on railways, roads, power, irrigation, telecommunications, education, etc. Perhaps a beginning could be made with the help of zero-base techniques in every government organisation and public sector unit.

The second point highlighted in the article is the need for genuine co-operation between the government and industry. Besides making a few cosmetic changes and making some noises at various gatherings and meetings, the government has done previous little to foster a feeling of trust in and friendship with industry. We need perestroika in our thought processes! If the government can achieve this and refrain from functioning as an overbearing, often bullying big brother, nothing could be better.

N.S. VAGEESH
Madras

• Wider coverage please

As a regular reader of *Business India* for seven years, I find the magazine very informative and interesting. But your coverage is limited to corporate affairs only and other activities under the government's purview, like engineering, are not covered. A few pages devoted to subjects technical in nature, and which fall under the governments developmental activities, like the river valley, important canal and irrigation, highway, power, water supply and sanitary projects and pollution abatement programmes would be well received by readers.

SHARDENDU NARAYAN
Bhagalpur

• More flowers

The article "With love, from India" (Exports, 11 July) I hope, will lead to your publishing many more on the subject. Once the All India Scheduled Caste Development Co-operative Society starts its first export in September, you can give us some more details on how they are delivered at lightning speed, the methods, used, etc. I do hope Kashmir will also start exporting flowers like this. Let us hope things will go on as planned. Let Kunigal set an example to the other potential centres in India.

DHANYA GOPINATH
Madras

• No discrimination here

A clarification with reference to the letter by Mahendra Sadlani in your 11 July issue.

Motor vehicles manufactured in Maharashtra do not have to pay entry tax, but 12 per cent sales tax is applicable to them. The government of Maharashtra has not exempted any manufacturer from sales tax. Hence the tax is not discriminatory. Moreover, it has stopped the tax avoidance by manufacturers (including those in Maharashtra) who were invoicing vehicles from Daman at 3 per cent sales tax.

The real discrimination is in UP, where the local manufacturer (DCM Toyota Ltd) is exempted from sales tax and the outside manufacturers are forced to pay entry tax. The price difference of the same class of vehicles is Rs. 20,000 to 25,000 because of this and outside manufacturers are thus kept off.

J. THARAKAN
Ernakulam

• Junior Japanese

Mohan Guruswamy's Column (16 May) on Indo-Japanese joint venture fails to mention the standards of the Japanese managers deputed to India for the joint ventures.

Invariably all of them are junior level managers in Japan posted as directors in India with very little knowledge of technology or management as compared to their Indian counterparts. They are assigned to maintain the import levels.

J. THARAKAN
Ernakulam

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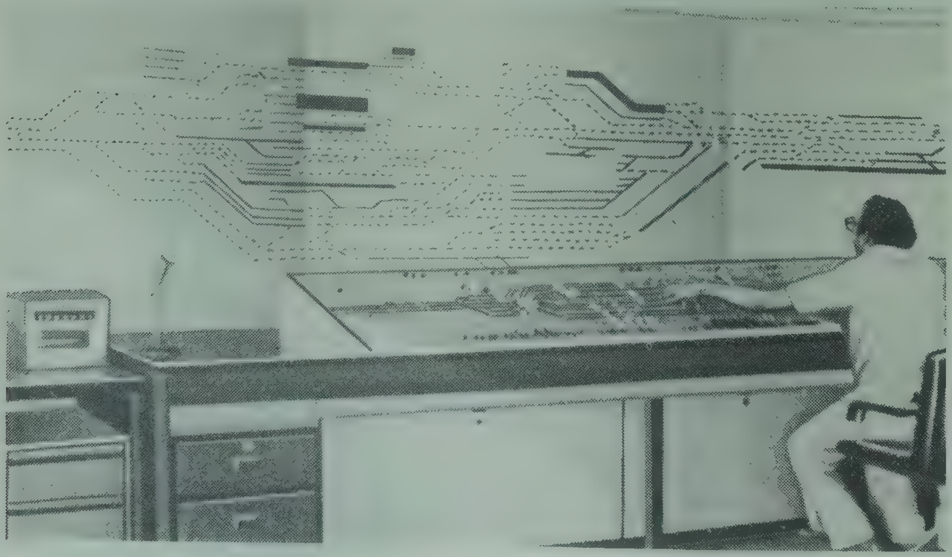
Centralised signal control, New Delhi



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FOR YOUR INFORMATION

Telephones: an indicator of economic progress?

With an annual growth rate of just under 5 per cent the number of telephones in the world is increasing — slowly but surely. The distribution of telephones, however, remains extremely uneven, reflecting the differing levels of economic development in various regions. In North America, for example, there is one telephone to every two inhabitants, while in Africa there is one to every 100 inhabitants. In India we have one telephone to every 200 inhabitants.

If the ratio of telephones to people is an accurate indicator of economic progress then India is twice as backward as Africa!

The telex service, also available worldwide, has 1.7 million users, only 0.5 per cent of the telephone users. In absolute terms, the Federal Republic of Germany leads the world.

Job search on the tube

Fresh graduates, out on the job-hunting trail, have to strain their eyes looking at the fineprint of the appointment pages of newspapers. But job seekers in Hyderabad have a distinct advantage.

Hyderabad Doordarshan is announcing different job vacancies for graduates over the airwave. The service has been warmly welcomed and while there is no record of successful jobseekers who have jobs as a result of the new service, it is reported that other Doordarshan Kendras are thinking of launching a similar service.

M. PANDYA, *Bombay*

Inadvertent gifts

Pallavan Transport Corporation (PTC), caters to the transportation needs of Madras.

In 1987, commuters left behind 1,032 articles in PTC buses. The items included cash, plastic bags, stainless steel vessels, gold jewellery, etc. These items are kept at the corporation's headquarters for public exhibition, so that owners can claim them after proper identification. However, out of the 1,032 items only 362 were claimed. The items unclaimed after six months are auctioned off and the amount earned is credited to the staff welfare fund.

B. CHANDRASEKARAN, *Madras*

A quick byte

Computers have not only brought us a long way, they've also come a long way themselves. According to statistics compiled by IBM, data is not only processed faster now than it was three decades ago, but it also costs significantly less than it used to. The following table delineates how the cost and time taken to process 17,000 bits of data has declined.

Year	Cost	Time taken (seconds)
1955	14.54	375
1960	2.48	47
1965	.47	29
1975	.20	4
1983	.07	1
1987	.143	.10

I.N. MURTHY, *Bhilai*

Non smokers car

Watch out, smokers! A second class, three-tier compartment of the 87 UP and 88 DN Patna Tata Express has been reserved for non-smokers from 9 July. Following a directive from the railway ministry, passengers found smoking in the compartment during the journey will have their reservation cancelled immediately.

VIJAY JADWANI, *Calcutta*

Sanskrit as a mother tongue

According to the latest census in Karnataka 509 persons have declared Sanskrit as their mother tongue.

Free ride

If any one promised you a car which would give you a kilometre at only 10 paise you would think he was crazy. But this is what a young Arts student, Satnam Singh of Kota, Rajasthan, has succeeded in doing.

He has taken an ordinary petrol engine and made certain basic changes in the carburettor and the engine. It now runs on bottled LPG and one cylinder which costs Rs.60, provides enough fuel for 600 kilometres.

Business India invites readers to send original, unpublished contributions to this page. The snippets can be humorous, insightful, outrageous or simply, informative. Each snippet must carry this coupon.

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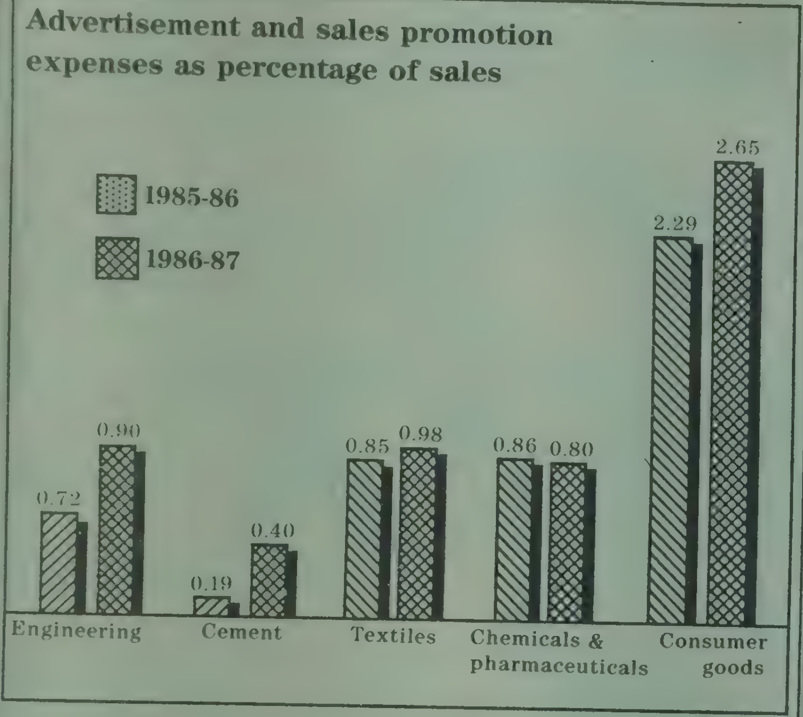
Spending on selling



Advertisement and sales promotion expenses as percentage of sales

According to a study of 131 public sector companies by the Economic Times Research Bureau, advertisement and sales promotion expenditure registered an increase of about 22 per cent during 1986-87 over that in the previous year. The companies earned a net sales increase of Rs.17,210 crores in 1987-88, as against Rs.15,446 crores in 1985-86. The advertising and sales promotion expenses of these companies was Rs.273 croresin 1986-87, compared with Rs.224 crores the previous year.

The top five companies in terms of the amount of money spent on advertising and sales promotion in 1986-87 were Hindustan Ciba-Geigy (Rs.19.1 crores), Hindustan Lever (Rs.18.8 crores), Food Specialities (Rs.9.1 crores), Brooke Bond (Rs.8.4 crores) and Hyderabad Allwyn (Rs.7.7 crores).

According to the study, advertisement expenditure increases with sales income, though not proportionately.

Taking stock of equity shares

Investing in stocks? Well, pause a bit. Gross return on shares, taking into account yield and capital appreciation, declined to 1.8 per cent in the eight months ending April 1988 as compared to 7.64 per cent in the year before, according to a recent FICCI study. Compared with this, five-year bank deposits bring in returns of 10 per cent and three-year company deposits, 14 per cent. Though the market is enjoying its first bullish phase in a long time, the overall performance of stocks in the last three years has been dismal. Share prices declined by 17.9 per cent during April 1986 to June 1987, 10.5 per cent during September to December 1987 and 3.4 per cent during January to March 1988. And, understandably, its impact on the capital market has been severe. Total capital issues including public, rights, and private placement issues declined from Rs.4,957 crores in the period July 1986 to June 1987 to Rs.3,907 crores in the corresponding period in 1987-88. Some food for thought for Dhirubhai Ambani and Reliance Petrochemicals whose mega issue is to hit the market next week!

Pub-Drub

Among Indian cities Bangalore is the biggest consumer of alcohol. There are more than 3,000 wine stores, 500 bars, 40 pubs and 78 arrack shops in and around the city. Consequently alcoholism is also on the rise. In 1987, 10,176 cases of cirrhosis were reported. Of these it is alleged that 4,786 cases proved fatal. And as if this were not enough, two big distilleries in the city propose to open 100 pubs all over Bangalore.

S.P. RAMAN, *Bangalore*

Prompt service

It has become extremely common for companies to delay the publication of balance sheets, postpone annual general meetings and finally delay the posting of dividend warrants. But there is the odd exception.

Canbank Financial Services Ltd, a subsidiary of Canara Bank, closed its accounts on 31 March 1988; the director signed them on 2 April; the annual general body meeting was held on 5 April; and the dividend cheque was immediately handed over to the shareholders.

Customer's ignorance

Delays in clearing outstation cheques have become a common feature in public sector banks. Banks on their own have not generally been implementing a recent RBI directive on the matter; fortunately for banks most customers are unaware of the directive which reads: "We advise that public sector banks have recently been instructed by us to pay interest at savings bank rate for delays beyond 10 days if outstation cheques lodged at and drawn on banks at state headquarters (other than the state capitals in the NE region and Sikkim) are not collected within the aforesaid period."

Bank customers should serve a notice on their bank asking it to pay such interest automatically every time there is a lapse. The cost of correspondence and other expenses incurred because of delay in getting one's own funds must also be reimbursed.

RAJAT WADHWANI, *New Delhi*

MBA at Nagpur

If academics is not your forte but an MBA is your heart's desire, the Department of Business Administration at Nagpur may be the place for you.

This year, after the entrance exam for the first year MBA of Nagpur University, a candidate who secured only 0.5 per cent marks was called for the interview. Many candidates who got less than 20 per cent in the exam were also called for the interview.

Casting pearls?

When Tata Tea held its last annual general body meeting, the shareholders were especially vocal. Citing the company's 25th anniversary as an excuse, they asked for a gift and something large at that.

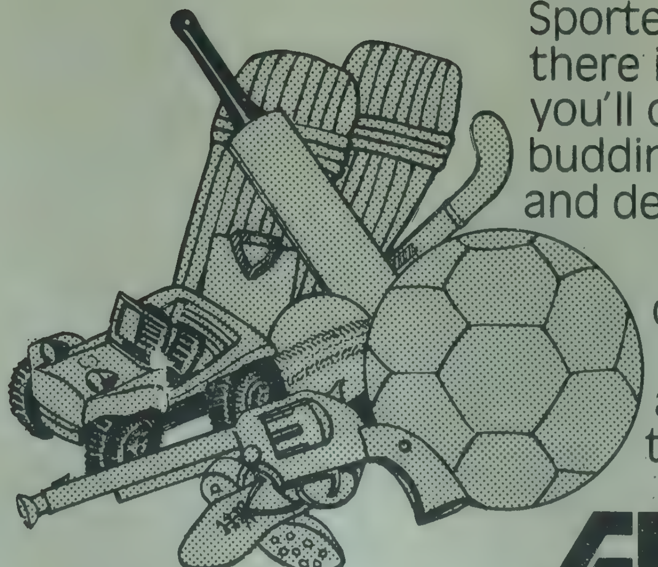
The chairman maintained a patient silence. Finally, getting up from his seat he announced that the company was giving a gift to all its shareholders. The gift? A selection of the sayings of Swami Vivekananda.

MALA BHARANIA, *[illegible]*

Play to win at

SPORTEX 88

An exhibition on Sports Goods & Toys
at Sree Kuchalambal Kalyana Mahal, Madras
between the **6**th & **11**th October **1988**



Pull up your socks. Tie up your laces. Floor the sportsmen. Win over the children. Yes, at Sportex '88, in your pavilion, there is room for all this because you'll come face-to-face with budding sportsmen and demanding children.

If you are a manufacturer or dealer of sports goods and sportswear, toys and games and accessories, be there where the action is.

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"To Promote Indian Trade and Technology"

ICIM looking for Indian partner

The troubled computer manufacturer ICIM may soon be bolstered by an association with some "strong Indian partners".

Reportedly, ICL, UK, the parent company, is seriously considering a plan to offer a significant equity stake in its Indian subsidiary to a local business house. This may be in the form of a rights issue wherein ICL will forego its rights shares in favour of a local partner.

According to the grapevine, R.P. Goenka and Ashok Birla top the list for consideration as "strong partners".

ICIM: search for a "strong partner"

MUSCO for hotels?

Mahindra Ugine has been planning to diversify for quite some time because the growth potential in speciality steels is limited. The company, according to industry observers, has already finalised plans to build a hotel (three or four star) in Madras in collaboration with a large motel chain of the US. Whether this new venture will be a division of MUSCO or a subsidiary company is still a moot point. Also, it is reliably learnt that the company has plans to get into real estate development.

Funding problems

The rumour is that S.G. Warburg, the venerable British merchant bank, is pulling out of Ashok Birla's off-shore mutual funds. Two reasons have been advanced: the inordinate bureaucratic delays in New Delhi and the uncertain outlook of global financial markets. It is believed that Ashok Birla now wants to go ahead regardless, with Warburg merely serving as advisors.

Meanwhile, say reliable sources, the UTI sponsored India Fund which was launched last fortnight in the US has not performed well. The fund was subscribed to only after its size was trimmed to $ 60 million. UTI officials are tight-lipped about the fund's performance.

The L&T puzzle

Is it Dhirubhai Ambani or Manu Chhabria? The alleged takeover bid on Larsen & Toubro has all the elements of a whodunit. Both Ambani and Chhabria have scruplously maintained that they are not interested in the engineering giant but may have picked up a share or two. However, informed sources feel that the first week of September should be decisive. That's when the Reliance Petrochemicals issue closes and Ambani, it is said, will make his intentions clear. He is believed to have built up a sizeable position of L&T shares from the market, placed anywhere beween 4 to 7 per cent — just enough to ensure management control. The Reliance-Lumus tie-up, to set up a project consultancy division, in India will be spun off to L&T it is said. It's a "friendly takeover", by all indications, and both N.M. Desai and the institutions are willing to ease Ambani's entry.

A tinge of French

A fourth French bank will soon open its portals in India. Credit Lyonnais, the second largest commercial bank in France and the twelfth largest in the world has received an undertaking from the Reserve Bank of India that they will be allowed to open a branch in the near future. It may be recalled that Credit Lyonnais opened a representative office in Bombay in 1982.

Meanwhile, according to the government grapevine, two other international banks have entered into agency agreements with Indian companies. One is Credit Agricole, which has reportedly signed up with the Bombay-based Creditcapital Finance Corporation, and the other is San Paolo, the Italian bank, which will be represented by Nicco Hambros of Calcutta.

Leela Penta to change partner

Leela Penta, the Bombay based five star hotel is changing its international partner. They are shifting allegiance to the Kempinski chain of super deluxe hotels and will rename themselves Leela Kempinski. The Switzerland based Kempinski, like Penta, is also owned by a group of European airlines headed by Lufthansa. According to knowledgeable sources, Capt. Krishnan Nair the chairman of Leela Penta, opted for the change because Kempinski has a much more upmarket image among Europeans and he hopes to capitalise on it. His proposed Goa hotel will also be Leela Kempinski. For Kempinski too, this is a crucial move. They have nine hotels right now, all of them in Europe and America and are keen to expand into Asia.

Supreme Court orders Carbide to furnish information

The Supreme Court has issued notices to Union Carbide (India) Ltd and its parent company in the US on a petition seeking immediate disclosure of all information in their possession accumulated through 20 years of research on methyl isocyanate. It was the leakage of that chemical which caused the Bhopal gas tragedy in 1984.

A division bench directed that the notices be returned within four weeks. The petition will come up for hearing on 27 September, 1988. The judges have also asked the Madhya Pradesh government to explain within two weeks why the supply of rations to the gas victims should not be resumed. The supply of rations to the victims was discontinued 13 months after the tragedy.

Gujarat demands higher oil royalty

The Gujarat government has demanded a higher royalty of Rs.683.80 per tonne of crude produced in the state. It has also demanded drastic changes in the present system of calculating the royalty rate. The present rate of royalty is Rs.192 per tonne and is due for revision from 1 April last year.

A memorandum submitted by Gujarat to the union government says that the present method of fixing royalty on crude is unscientific and unjust and deprives state governments of their deserved share of revenue. The memorandum says that the transfer price of oil at the wellhead is fixed arbitrarily and should take into account the market price of products derived from oil.

Planning Commission urges higher tax ratio

As the resource crunch facing the financing of the Eighth Plan becomes increasingly clear, the planning commission has suggested that the tax ratio to GDP should be raised. Rajiv Gandhi who convened a meeting of the planning commission on 11 August 1988 said the burden of raising additional resources would have to be borne by the affluent who have benefited from the development process.

Three models with growth rates of 5.5 per cent, 6 per cent and 7 per cent were presented. While the three models envisage ambitious export growth targets of 14.5 to 17.8 per cent they also assume a massive savings gap. This ranges from Rs.49,000 crores for the 5.5 per cent growth model to as much as Rs.236,000 crores for the 7 per cent model.

Gas discovered in Rajasthan

Oil India has discovered natural gas in its first exploratory well in western Rajasthan. The well located 145 kms from Jaisalmer has been producing gas at a steady rate of 45,0000 std cubic metres per day during the testing of the zone between 7 August and 9 August. The geological reserves of gas in the region are estimated to be 35 billion std cubic metres.

Bottling process developed for sugarcane juice

The Central Food Technological Research Institute (CFTRI) has standardised the process of making hygienic bottled sugarcane juice. The juice, with added flavours like lemon and ginger, has a shelf life of about four months.

More food imports

India plans to import three million tonnes of wheat and significant amounts of rice. According to FAO's latest "Food Outlook", the government has finalised proposals for the import of two million tonnes of wheat and 700,000 tonnes of rice. The report notes that there have been no foodgrain imports over the last two years and imports this year were due to a heavy drawdown of cereal stocks.

Incentive scheme for industries in Maharashtra

In an effort to boost industrial development in Maharashtra, the chief minister, Sharad Pawar, has announced a list of incentives. The package scheme of incentives, to be implemented by SICOM includes sales tax benefits, special capital incentives and extra facilities for units wanting to diversify and expand.

Pawar also said he would visit other states and invite industrialists to invest in Maharashtra. The MIDC will also set up "Business Centres" where services like telex, public telephones and other infrastructural aids would be available on a commercial basis.

Japanese loan for Indian Railways

As part of Japan's programme to recycle $ 20 billion to developing countries the Import Export Bank of Japan has extended a loan worth $ 15 billion to the Indian Railway Finance Corporation (IRFC). This untied loan is being co-financed with the Asian Development Bank (ADB). The loan signed in Tokyo will support the Indian Railway's modernisation plan.

Railway research organisation entrusted with technology missions

A decision to develop the Research Design and Standard Organisation (RSDO) as a centre of excellence for specialised studies was taken at the first meeting of the newly formed governing council of the RSDO

The RSDO has been entrusted with five technology development missions to achieve its objective — operation of passenger services upto 160 kmph on mixed routes and 200 kmph on dedicated routes; and operation of 4,500 freight services at double the existing average speeds on mixed traffic routes.

Raj Kumar Jain, chairman of the Railway Board and also of the RSDO, said, "The function of the council will be to identify and approve research and development projects, to decide mission level change or new missions, to decide the priority of projects, and to determine the quantum of direct investment in technology development."

As part of this development, a test track loop of 4.02 km is being developed near Mugalsarai at a cost of Rs.6 crores; it will be operational by March-April 1990.

Dairy development under National Technology Mission Mode

In an effort to integrate into the mainstream of rural development the "good work" being done by the National Dairy Development Board through its Operation Flood projects, dairy development has been formally brought under the National Technology Mission Mode. This was announced at a news conference by Satyan "Sam" Pitroda, adviser to the prime minister on technology missions.

Rajiv Gandhi felt that the pace of the industry's growth under Operation Flood was not fast enough and that overall dairy productivity could be raised only through technological intervention.

As part of the 7-year scheme the average milk yield of cows is estimated to be increased from 340 litres per year to 640 litres and of buffaloes from 910 to 1020 litres.

Better cotton crop expected

The Cotton Advisory Board at its meeting in Bombay on 11 August 1988 has revised upward the current year's cotton production to 90 lakh bales from the earlier estimate of 87 lakh bales. It reduced the estimated offtake by mills to 92 lakh bales from the earlier 94 lakh bales, bringing the carryover stock to 15.07 lakh bales at the close of the current season.

The meeting felt it was too early to make any assessment of the new crop. However, it was felt that given the excellent weather conditions a crop over 110 lakh bales could be expected.

Tea Board sets higher export target

The Tea Board in its report to the union commerce ministry has suggested that the country's tea exports during the current year should be of the order of 240 million kgs. This signifies a mammoth jump of 32 million kgs from the 208 million kgs exported in 1987-88.

The Board expects exports to the USSR to increase by 12 million kgs to 100 million kgs. The other country to which large quantities of tea is exported is Pakistan; if all goes well this vear an amount of 10 million kgs should cross the border.

cientists taken ill vhile testing dulterated oil

t least 10 research scientists rom the Central Food Research aboratory were taken ill whilst rying to detect the cause of the ecent Behala and Tollygunge il tragedies.

They complained of chronic izziness, local irritation and ain in the limbs as a result of ound-the-clock sampling of dulterated rapeseed, mustard nd groundnut oil.

In a letter to the DG of health rvices, Delhi, the CFRL Employees Association has comained that its members were owing symptoms of tricresyl osphate (TCP) poisoning. P was identified as the prinpal adulterant responsible for e tragedies.

BSE expels sharebroker

The Bombay Stock Exchange authorities have expelled Ghanshyam B Biyani, a leading sharebroker and bull operator from the membership of the exchange with immediate effect.

The punitive measure was attributed to excessive speculation and failure on his part to pay adequate margins.

It was reported that for the past several settlements Biyani had not disclosed his true and actual position in the market. The expulsion of Biyani may lead to unloading in some of the pivotals by weak bull operators and a consequent softening of prices.

Foreign rubber prices up

On resumption of sale of imported rubber the State Trading Corporation has hiked the price of RMA-4 grade by Rs.2,000 per tonne to Rs.19,000 ex-Madras.

Industry sources in Bombay say that with the current hike in the price of RMA-4 by STC there was no possibility of any fall in the local market below the level of Rs.19,000 per tonne.

The All India Rubber Industries Association (AIRIA) in a statement said this arbitrary raising of prices would seriously affect the viability of rubber goods manufacturing units, mostly in the small scale sector.

It added that the purpose of the buffer stock scheme initiated by the government in 1986 was now defeated as the price was way over the reference price of Rs.16,500.

PM stress on land reform, agro-based units

In his Independence day speech, Rajiv Gandhi stressed the need for implementing land reform measures and setting up agro-based industries on a "war footing" to meet the challenge of poverty and unemployment.

He said the establishment of agro-based industries and better marketing for agricultural produce would ensure a good deal for people in rural areas. The benefits of various rural development schemes, he said, were not reaching the intended beneficiaries, and to overcome this shortcoming he favoured the strengthening of the Panchayati Raj to ensure greater people's participation.

Crop insurance scheme planned

A high-powered committee consisting of the union minister for agriculture, Bhajan Lal; the union minister for external affairs, P.V. Narasimha Rao; and the union minister for finance, S.B. Chavan has been formed to evolve ways and means of implementing crop insurance.

Under the scheme all crops except cash crops will be covered. Addressing a workshop on "oilseed development" organised by the Federation of Indian Chambers of Commerce and Industry (FICCI) Bhajan Lal said the scheme could not be implemented at the individual farmer level because of registration and related problems.

Sandvik to market own products

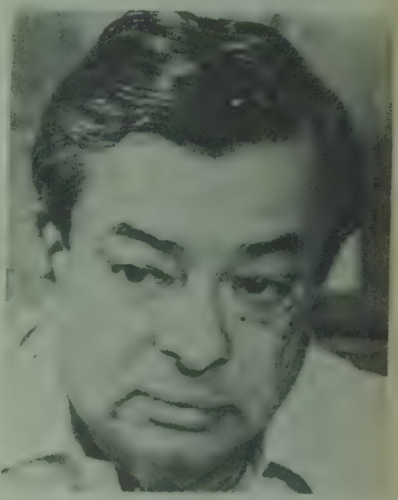
Sandvik Asia Ltd, India's leading manufacturer of cemented carbide products, has given notice to Atlas Copco (I) Ltd, terminating the sole selling agency agreement for the sale of tungsten carbide integral drill steels, extension equipment, down-the-hole bits and other rock drilling tools. The termination comes into effect from 1 February 1989.

The Sandvik group, headquartered in Sweden, took a decision in principle to terminate its worldwide sole selling agency agreement as a sequel to Atlas Copco's acquisition of Sandvik's competitor Secoroc AB, in June 1988. Sandvik Asia, whose agreement is one of the group's 50 or so agreements with Atlas Copco in several countries, has also chosen to market on its own its comprehensive rock drilling programme in the Indian market.

Sandvik Asia has branches spread all over the country and will now strengthen this infrastructure with marketing and sales personnel for rock drilling products also.

GCMMF moves into vegetables

Dr V Kurien, chairman NDDB, has announced that the Gujarat Co-operative Milk Marketing Federation (GCMMF) will sponsor fruit and vegetable growing as a subsidiary activity in the state milk co-operative societies. The project, according to union planning minister Madhavsinh Solanki, can cater not only to local and Bombay demand, but is also well placed to tap the Gulf market. It is expected to boost the income of the federation's 1.2 million farmer members substantially from the average of about Rs.200 per month which milk production currently fetches them.



Kurien: tapping the Gulf market

Sweet times from Cadila

Cadila Chemicals Pvt Ltd, India's third largest pharmaceutical group, has just launched Sugarfree, a derivative of Aspartame, a methylated dipeptide formed of two amino acids. Introduced in the US market in 1981 and to over 60 other countries since then, this

FDA-approved sweetener has two distinct advantages over saccharin. It does not leave a bitter after taste like the latter, nor, since it is made of two amino acids, is it suspected of being carcinogenic. The high powered countrywide launch of this product will probably assure it of a sizeable market share.

The "Tata Estate": to be launched within a year

Essar acquires another vessel

Essar Shipping Limited (ESL), as a part of its ongoing expansion plan, has taken delivery of one more modern bulk carrier. The 41,000 DWT vessel built in 1986 has been renamed *Nand Swasti*. Presently the ship is on a firm long-term charter for coastal coal movement.

The acquisition of the Japanese-built vessel has been financed with the assistance of Shipping Credit & Investment Corporation of India.

This is the sixth specialised modern vessel to join the growing Essar fleet in less than a year. The other vessels recently added included a tanker, two bulk carriers, one computerised multi-support vessel and one drillship. The drillship, which was acquired a month ago, is the first self-propelled oil drilling rig to be acquired by any shipping company in India.

Telco's "ideal vehicle"

On 26 July when Ratan Tata, the recently appointed deputy chairman of Telco drove the first 'Tatamobile' (Telco 206) from the Pune factory, it marked the possible entry of Telco into the passenger car market. (At the Telco annual general meeting in Bombay on 11 August, a model of the 'Tata Estate' was on display. It is expected to be launched within a year.)

Equipped with a high speed 4 cylinder diesel engine, the Telco 206 will be rolled out of the shop floor put up two years ago to assemble the Honda Accord and is expected to be marketed as a station wagon in 1989.

With government clearance for the Telco/Honda car project fading into the distance, the Telco management saw an opportunity in the light commercial vehicles market. So it decided to diversify further into this growing industry, where it was acquiring a dominant presence with the introduction of two earlier models — 608 and 407.

The Tatamobile, a pick-up whose development cost is yet undisclosed, is billed as an ideal vehicle both for transportation of farm produce as well as a delivery vehicle for use in narrow city roads. It is expected to sell at a price under Rs.2 lakhs in Maharashtra.

LIC: highest ever growth rate

The working results of the Life Insurance Corporation (LIC) for 1987-88 show the highest ever growth rate in new business in the corporation's 32 year history.

New business for 1987-88 was Rs.12,404.03 crores under 46.66 lakh policies, representing a growth of 32.2 per cent. The growth rate in rural business however was higher (37.6 per cent) than the urban business growth rate. Last year's rural business was Rs.4,012 crores under 18.35 lakh policies.

Hindustan Dorr suffers a setback

Hindustan Dorr-Oliver (HDO) — sales for the year ended 30 November 1987: Rs.42.66 crores — has suffered a setback in its performance. During the six months ended May 1988 companies sales dropped to Rs.11.59 crores from Rs.23.90 crores in the corresponding period of the previous year. Currently, the order book position of the company is also down to Rs.40 crores from Rs.60 crores in the previous year.

When the management of HDO was taken over by the Chhabrias in November 1987, it was announced that the company would soon dilute its foreign holdings to come out of the FERA scope and this in turn would help it in diversifying into newer growth areas. But so far the dilution has not come and HDO continues to be a FERA company. However, according to information available, HDO has now identified five major areas for diversification, and if it gets an assurance for the approval from the government it may dilute its foreign holding soon. Meanwhile, T.R. Krishna Rao, the erstwhile managing director of the company, has resigned and has been offered a job of corporate advisor. K.P. Mohandas Rao, the former whole-time director of the company, has taken over as managing director.

Speciality Papers reopens

Speciality Papers, a sick unit in Vapi, Gujarat, is to reopen after lying in limbo for 18 months. After being taken over by a new management team with the help of rehabilitation finance from IDBI and Dena Bank and a package of reliefs from the state government, it is projected to earn a profit of Rs.25 lakhs on a turnover of Rs.4 crores in the next calendar year. Balancing equipment will be installed by the end of the current year. The anticipated quick profitability is primarily because of its product mix being changed towards the sophisticated end of the spectrum — MG tissue and poster paper with MG cover paper, carbonised tissue paper and related products — all follow in quick succession.

Gujarat Reclaim ties up with Malaysian company

Gujarat Reclaim & Rubber Products and India Coffee & Tea Distributing Co are jointly setting up a 5,000 tpa reclaim rubber factory in Malaysia in partnership with Malaysian Rubber Development Corporation, a wholly owned company of the government of Malaysia. The name of the joint venture company is Rubplast Sdn. Bhd. and the capital cost of the project is estimated at about M$ 6 millions (equivalent to Rs.3.25 crores).

Gujarat Reclaim & Rubber Products is the largest exporter of reclaim rubber from India.

CMC to train personnel

CMC has bagged a contract worth $ 20,000 to train computer personnel from Commonwealth countries. This is the first time that a developing country has been given this role.

CMC has been given the contract in recognition of its record in implementing complex projects like the rail reservation system at the four metro cities and the computerisation of The National Airports Authority communication systems at Delhi and Bombay.

Under the programme, CMC will run two courses. The one on software commenced on 11 August at its R&D centre at Secunderabad and the one on hardware on 16 August at Bangalore.

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But, as always, it's not what you do, it's the way that you do it.

And our way is the Canadian way. Relaxed and confident.

A BREATH OF FRESH AIR

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The fast changing world of computers now has a name with the power to take over the No.1 position. PCL Computers.

It's the one year old venture that's taken the entire Indian computer industry by storm.

Setting up an astounding installation base of more than 3000 computers in this short span. And today, increasing that figure at a monthly rate of virtually 500 computers!

That's an achievement born out of the people's faith in not just our hardware, but also our service and support systems that are unquestionably one of the best in the country.

Proof of which is PCL's exclusive uptime record of 99.8% on all machines, and repeat order track of almost 70%!

Here, take a closer look at all that PCL offers you :

The fastest growing hardware range

Five years ago, PCL started by offering you basic office equipment like electronic typewriters. In July '87, after establishing the strong and efficient infrastructure absolutely essential for a service-oriented industry like computers, PCL launched its Computer Division. And now, within a year of its inception, it offers you a complete range of PCs, PC-XTs, PC-ATs, 80386-based systems, mini computers, office publishing systems, electronic telex systems, modems, CAD/CAM/CAE, LAN, EWS and printers. And of course, the whole host of peripherals ranging from special cards to plotters, digitizers and even constant voltage transformers!

The fastest growing support network

PCL has grown tremendously since it started with a small team of just 15 people; today it has a massive workforce of more than 800 people.

everest/d88/PCL/256

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THE FASTEST GROWTH RATE

working with commitment in every part of the country, from PCL's nationwide network of 48 offices.

Each of our professionals has been carefully selected from India's premier technological and management institutes. Then, in accordance with their talents, inducted into specialised groups – Industry Marketing, Customer Services, System Engineering, Customer Engineering and Application Support.

And, with over 50,000 man months of industry experience, who better than them to advise you on everything, from site selection to choosing the right computer and software?

In addition, they will help you make optimal use of your computers and, as and when the need arises, upgrade them in the most cost-efficient way.

Of course, if it's special software you need, they will even develop customized packages for you!

Small wonder that the PCL promise is almost impossible for the others to match, leave alone beat!

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OMC Computers has tied up with Computer Point for the sale of the Omega Draftsman.

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The Omega Draftsman helps increase drawing productivity four times; for drawings of a repetitive nature the increase is ten times.

DIARY

DATE	SUBJECT	ORGANISER	VENUE
25-26 Aug	**A Computerised Approach to Specific Energy Management Problems**	National Productivity Council 12 Mamkeswari Road, Kilpauk, Madras 600 010	Hotel Sea Rock Sheraton, Bombay
26-27 Aug	**Import Policy and Related Customs Procedures**	Creative Communication and Management Centre 2nd Floor, Raja Bahadur Mansion, 8 Ambalal Doshi Marg, Bombay 400 023 (Tel: 273006)	Claridges Hotel, New Delhi
27 Aug	**Managing Stress**	The Indo-American Society, 441, 18th Main, 6th Block, Koramangala Layout, Bangalore-560 034. (Tel: 579361, 567287)	Welcomgroup Windsor Manor, Bangalore
27-29 Aug	**Taxation and Corporate Laws — Changing Scenario**	The Institute of Chartered Accountants of India Post Box No. 7100, Indraprastha Marg, New Delhi 110 002	HCM Rajasthan Institute of Public Administration, Jaipur
26-27 Aug	**Electrical Hazards**	Institute of Energy Management 18 Oak Shade, Deonar Baug, Bombay 400 088	Hotel Oberoi Towers, Bombay
29 Aug	**Quick and Easy Way to Top Selling**	Madras Management Association 69 Nungambakkam High Road, Madras 600 034 (Tel: 475800, 478311)	Hotel Trident, Madras
29 Aug-10 Sept	**Programme on Marketing Management — 40**	Administrative Staff College of India, Bella Vista, Hyderabad 500 049	Bella Vista, Hyderabad
29 Aug-8 Oct	**ASCI Advance Management Programme — I**	Administrative Staff College of India, Bella Vista, Hyderabad 500 049	Bella Vista, Hyderabad
29 Aug-3 Sept	**Production, Planning and Control**	Tata Management Training Centre Pune 411 001. (Tel: 665472, 665381, 660141)	Tata Management Training Centre, Pune
2-3 Sept	**Materials and Stores Management**	Indian Institute of Materials Management 205-A Arun Chambers, Tardeo, Bombay 400 034. (Tel: 4948854)	Sea Rock Hotel, Bombay
3 Sept	**Export Procedures/Documentation**	Creative Communication and Management Centre, 2nd Floor, Raja Bahadur Mansion, 8 Ambalal Doshi Marg, Bombay 400 023. (Tel: 273006)	Meghdoot Hotel, Kanpur
4 Sept	**Management of Stress**	Indo-American Society Kitab Mahal, 5, D. Sukhadwala Marg, Fort, Bombay 400 001. (Tel: 2044882, 2044883)	Hotel Oberoi Towers, Bombay
5-6 Sept	**The One Minute Manager**	Creative Communication and Management Centre, 2nd Floor, Raja Bahadur Mansion, 8 Ambalal Doshi Marg, Bombay 400 023. (Tel: 273006)	Taj Mahal Hotel, Bombay

VEER SAGAR

"We are addressing the data processing market, not the PC market," said Veer Sagar, senior vice-president, ICIM at a press conference announcing a tie-up between ICIM and Rank Xerox to market the Xerox range of laser printers. An agreement between ICIM and Rank Xerox entitles ICIM to sell the smaller models of the Xerox printers, the 4045, the 4046 and the 3700.

ICIM expects a major application of the new printers to be in the field of management information systems (MIS). The new printers have the ability to produce high quality text, combined with graphic output, which MIS would require. "We don't expect the new printers to replace line printers for billing applications, for instance," says Sagar.

The new printers are versatile and can be used for desktop publishing. Asked whether ICIM would target the printers at the PC in addition to the data processing market, Sagar was categorical in stating that ICIM was not aiming at the single PC market.

T.S. SANTHANAM

"Our total disbursements crossed the Rs.100-crore mark during 1987-88," reveals T.S. Santhanam, chairman, Sundaram Finance Limited (SFL). The company declared a dividend of 20 per cent for 1987-88.

"SFL has the resilience to withstand even a run on the company," observes Santhanam. The funds it owns are the largest ever registered by any finance company in the country — Rs.21.08 crores.

SFL which has been in the hire-purchase business for three decades, has stock worth Rs.153.42 crores on hire, making it the largest hire-purchase company in the country. New leasing business worth Rs.11.32 crores was written in 1987-88. The lease receivable which stood at Rs.1.10 crores in 1981, the year SFL started leasing, has increased to Rs.75.08 crores during 1987-88. "SFL is now the leader in terms of lease rentals receivable in the private sector," according to Santhanam. Total deposits stood at Rs.127.93 crores with the net accretion being Rs.19.57 crores during the year.

India Equipment Leasing Ltd, started with the collaboration of IFC and SBI to finance the purchase of production and service assets by small and medium scale industries, has also made a profit of Rs.48.38 lakhs before taxes during the year.

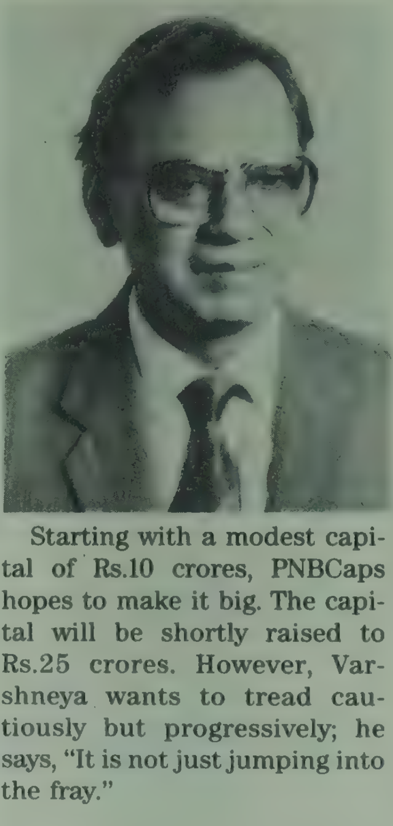
However, SFL is not aiming high. "We hope to register a marginal growth in hire-purchase and to maintain the existing level of business in leasing," says Santhanam.

J.S. VARSHNEYA

PNB Capital Services Limited (PNB Caps), the new fully owned subsidiary of Punjab National Bank (PNB) has been set up to undertake equipment leasing and to provide merchant banking and other financial services. According to J.S. Varshneya, chairman, PNB, "There are a lot of services which cannot be done by a bank because of the Banking Regulations Act but are good business."

Besides, equipment leasing, PNBCaps will help its clients in preparing and formulating schemes of financial reconstruction, mergers and amalgamations. Its merchant banking activities include assistance in obtaining necessary approvals from interest groups, the government and other concerned authorities. Besides it will undertake management of capital issues, investment, arrange syndicated loans, rehabilitation planning, sick units, project formulation for entrepreneurs, etc.

Special efforts will be made to tap the funds of non-resident Indians. Says Varshneya, "There is a lot of money with the NRIs. Most of them do not know how to operate in India. If organised efforts are made, a lot of money can come in."



Starting with a modest capital of Rs.10 crores, PNBCaps hopes to make it big. The capital will be shortly raised to Rs.25 crores. However, Varshneya wants to tread cautiously but progressively; he says, "It is not just jumping into the fray."

H.C. KOTHARI

Kothari Sugars and Chemicals Ltd (KSCL) is diversifying into petrochemicals by setting up a Rs.16-crore polybutene plant at Manali, Madras. "The demand for sugar is cyclical, hence in order to stabilise the company's operations we decided to diversify into polybutenes," explains H.C. Kothari, KSCL's chairman. Polybutenes are used in a variety of automobile and electrical applications. A technical collaboration agreement has been signed with Cosden Technology Inc, US, a part of American Petrofina.

The new project will be a division of KSCL and have a capacity of 5,000 tpa. Currently, the only other producer of polybutenes is Gujarat Petrosynthesis, Baroda; 6,000 tonnes is being imported. "The demand for polybutenes is estimated to increase to 15,000 tonnes per annum by 1990," says Kothari, who does not expect competition for the next five years.

KSCL will get its feedstock — C4 — from Madras Refineries Limited (MRL) by January 1990. "Our plant will be ready to receive the feedstock by March 1990," says Kothari. Construction of the plant will commence by December 1988 with internally generated resources. The Kotharis plan to enter the market in early 1989, with a rights issue.

"Once this project stabilises," says Kothari, "we plan to take on other Rs.15-crore projects based on the resins obtained as by-products from polybutenes."

V.C. ANTONY

With the inauguration of a new mechanised cement-handling system in the southern Iraqi town of Al-Muthanna, Bhageeratha Engineering Ltd (BEL) has firmly established its credentials as an engineering company which can deliver the goods and on schedule.

BEL, a civil engineering company based in Cochin, was awarded the Rs.20-crore turnkey project in January 1986 against what V.C. Antony, managing director, calls "keen international competition from Korean, West German and Turkish companies".

The project involved the direct export of Rs.6 crores worth of equipment and materials from India. "This was equivalent to two-thirds of the total value of the equipment and material that was used in putting up the cement-handling system," says Antony. Add to this the indirect foreign exchange earnings by way of repatriation of income by the entirely Indian workforce employed on site and the gains to the economy are substantial.

According to Antony, the project was successfully completed on schedule to the total satisfaction of the clients without "any serious cost overrun" "There was no time or cost overrun," he explains, "but the appreciation in the deutschmark, the currency designated for some part of equipment imports, was responsible for costs going up. Being outside our control we could not do anything about it."

The completion of this project raises BEL's project tally in Iraq to three. In 1981 the company entered Iraq as an associate of the Indian Railway Construction Company, to construct an embankment and bridges for the Mussayeb-Samawa Railway project costing over Rs.62 crores. "Next we undertook a similar contract valued at Rs.26 crores for a railway siding to the new cement plant," recalls Antony.

With the end of the Gulf war in sight, BEL is hopeful that remittances from Iraq will come on schedule. Meanwhile, the company, which was formed using the resources pooled by four specialised construction firms, reported a turnover of Rs.29 crores during the year ended 31 March 1988. With a profit before tax of Rs.1.5 crores, shareholders' funds had crossed Rs.7 crores (equity was Rs.1.1 crores).

GERALD HOWARD

The tenth Aldington Banking Research Fellowship has been given to V.K. Sharma of the Reserve Bank of India.

The award was set up with an initial capital of Rs.5 lakhs in 1976. The award is administered by all the banks and funded by Grindlays. "The award enables a young banker to actually visit and work in a bank abroad and at the same time work on a subject of his choice," says Gerald Howard, head of Grindlays Bank in India and South Asia. "The fellowship honours Land Aldington, Privy Councillor, who was executive chairman of Grindlays Bank for fourteen years," says Howard.

Grindlays first branch was set up in India and therefore the bank has a very special relationship with this country, says Howard. Though there is a constraint on foreign banks as regards the expansion of branches, Grindlays is concentrating in the area of merchant banking and automating all branches so that customer service is enhanced.

GNANAMGARI SAKUNTHALA

GML Chip Components Limited is setting up a plant for the manufacture of surface-mounted devices (SMDs), namely, multilayer ceramic chip capacitors (MLCs), for the first time in the country. The plant, with an installed capacity of 190 million numbers per annum, is scheduled to commence commercial production in October 1988, according to its NRI promoter, Gnanamgari Sakunthala who has a doctorate in computers and information sciences from the University of Pennsylvania, USA.

Sakunthala explains that the GML project, located at the electronics complex near the temple town of Tirupati, draws the process know-how from NOVACAP of USA whose technology is widely used by electronic giants like Thomson CSF of France, Samsung of South Korea and many others. The plant will produce chip capacitors conforming to international standards, in technical collaboration with Palomar Systems and Machines Inc, USA. In India, the MLCs are widely used in TV tuners, hybrid circuits and telecommunication equipment. Because of its high reliability and compactness, surface mount technology is finding increasing applications in all fields of electronics and GML Chip Components Limited thus creates a sound component base in high-tech micro electronics.

The Rs.6.70-crore project is co-promoted by Andhra Pradesh Electronics Development Corporation (APEDC). The IFCI is the lead institution for term loans. Incidentally, this is the first project of a woman entrepreneur to be assisted by SBI Capital Markets Limited under its newly-floated venture capital fund.

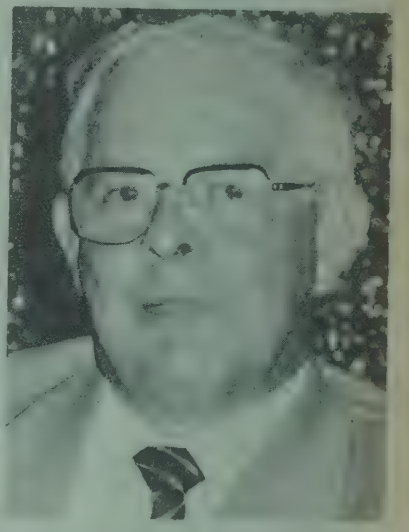
Sakunthala feels that as much as 30 per cent of GML's production can be exported.

E.T. DAVIS

"I am here to offer our services to anything related to the gas industry,"says E.T. Davis, senior representative of AGL Consultancy Pty Ltd, a subsidiary of Australian Gas & Light Co, Sydney.

This company "pioneered" gas production and distribution in Australia and supplies pipeline quality gas in New South Wales. "AGL has been in the forefront, offering its services to undertake development of natural gas and utilisation systems in all important areas of operation," says Davis.

Earlier this year AGL Consultancy undertook to train personnel of the HBJ pipeline consortium led by Spie Capag, "for a fee of half a million dollars". Davis's visit to India includes a tour of the oil and gas sites of Gujarat and finally a visit to Delhi for talks with the petroleum ministry. Among other presentations, the company has prepared a detailed report on plastic materials for the distribution of gas for the Gas Authority of India. As far back as 1972, AGL initiated a project to "rehabilitate" service pipes by an alternative plastic material — polyamide II (PAII). "We now have 20,000 distribution services installed prior to the arrival of natural gas and many more subsequently," says Davis.



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PUBLIC DEBT

Deeper in the mire

Although economists and research organisations have repeatedly warned the government about the seriousness of the debt trap the nation is caught in, it has all been in vain. It took a guarded warning from the Comptroller and Auditor General of India (CAG) to elicit a stand on the matter from the union government, and more specifically the finance ministry.

Ministry piqued. The CAG warned that if the present rate of borrowing persists, the government will soon have to manage an extremely difficult internal debt situation. The finance ministry immediately took umbrage at the CAG's assessment of its debt management strategy by stating that an "increase in debt receipt or interest payment is not a question of isolated receipt or expenditure". The ministry further said that it is the result of numerous policy decisions taken by the government over the past many years. Since expenditures are all duly authorised by Parliament or based on the recommendations of statutory bodies like the Finance or Pay Commissions, or policies enunciated in Five Year Plans, the ministry contended that the CAG's report on public debt submitted in Parliament on 29 August would appear to be "a report on policies of government as distinct from a report on implementation of policies or programmes brought out by Audit in the past". The ministry further demanded that the CAG should outline alternative workable policies to solve the problem of increase in public debt.

In an outspoken comment uncharacteristic of an official institution, the CAG said that while it did not dispute the ministry's contention, its analysis, as spelt out in the report, itself presented a number of alternatives which could help Parliament and the government to take such corrective action as might be required. The CAG unequivocally said that the aim of the audit was only to ascertain whether the debt management process had been carried out with due regard to economy and efficiency. Thus, it held, it is not for Audit to outline "alternative workable policies" as demanded by the ministry.

Candid report. Observers were especially struck by the candour and openness of the CAG report. According to CAG, the total liabilities of the government had galloped from Rs.59,749 crores in 1980-81 to Rs.1,66,546 crores in 1986-87, registering an increase of 179 per cent over a period of six years. The total liabilities stood at more than a whopping 64 per cent of GNP at the end of 1986-87. The growing liabilities were due to mounting expenditure leading to overall budgetary deficits.

The review focuses, among other things, on the following.

- The revenue account deficit soared sharply from Rs.293 crores in 1981-82 to a projected Rs.9,842 crores in 1988-89, resulting in borrowings and deficit financing on a much larger scale.
- Non-plan expenditure has grown faster than revenue receipts, with interest payments, defence and subsidies constituting an estimated 56.6 per cent. Incidentally, while developmental expenditure had been growing at 17.4 per cent per annum from the start of the Sixth Plan till 1987-88, the growth in non-development expenditure was 19.2 per cent per annum.
- The estimated borrowings of Rs.7,000 crores during 1988-89 would be barely sufficient to meet the interest payments of Rs.7,027 crores on internal debt alone.
- The poor resource generation by public undertakings and mounting tax arrears have made management of the government's internal debt extremely unwieldy. Tax arears rose from Rs.4,155 crores in 1985-86 to Rs.5,033 crores at the end of 1986-87, while the shortfall in the internal resource mobilisation of the public sector swelled from Rs.793 crores in 1980-81 to Rs.2,586 crores in 1986-87.
- The external debt rose by 80 per cent over the six-year period and stood at Rs.20,299 crores by the end of 1986-87. The servicing and the repayment of the debt will become more difficult on account of the declining value of the rupee. The increasing size of the external debt and its servicing have also put considerable pressure on the balance of payments.

The CAG report called for rigorous pruning of wasteful expenditure, both developmental and non-developmental, especially the latter. It has also underlined the need to take steps to make the investments in public enterprises "more productive". At a time when the country's balance of payments situation is precarious, following the increase of imports in the wake of liberalisation, the ticking debt bomb is bound to explode if the timely warning given by the CAG report is disregarded.

■ A CORRESPONDENT

UBI

Emphasis on marketing

"Like any business organisation, it's high time that banks started marketing their own products," says J.V. Shetty, executive director, United Bank of India. The bank has decided to develop a full-fledged marketing division to sell its various banking schemes to both corporate and individual clients.

In May this year, UBI opened its first marketing division in Calcutta. The division is to be manned by 12 handpicked officials headed by a general manager. The bank has got the Indian Institute of Management, Calcutta, to impart marketing skills to its officers.

Excellent feedback. The first batch of 32 officers has already completed the course at UBI's own training centre in the city, and, say UBI officials, the feedback so far has been excellent. Later, another 200 such centres are to come up throughout the country.

The division is to have three departments — resource mobilisation, services and merchant banking. A three-pronged strategy has been planned. One is the identification of market segments by conducting periodic surveys and collecting information from the field; secondly, training field personnel to market the bank's financial products; and third, preparing suitable schemes to cater to the needs of the target groups to be identified from time to time. Each of these departments would set their targets for the bank as a whole and also for the regional and zonal offices.

The idea to set up a division of this kind came to Shetty while he was associated with Barclays Bank in the UK. "It was there that I realised how important marketing techniques are where banking services are concerned. At present there is no particular thrust in promoting new schemes, except through circulars and advertisements. There are virtually no selling people; it is a pity, since contact or communication with clients is a major factor. It is necessary to develop different skills to deal with different customer segments. There is a tendency to deal with all consumers — both rural and urban — alike, irrespective of their particular needs or requirements," says Shetty.

Branch managers are often busy with office routine, and therefore are not able

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to devote sufficient time to making outside contact and developing new markets. A marketing person is in a better position to explore the customer potential and also relay the necessary feedback.

Housing loans. The marketing division has worked out, initially, two schemes related to housing, and financing entrepreneurs. At present the amounts sanctioned for housing loans are not sufficient, as property values have gone up tremendously over the past few years. The bank plans to offer housing loans of up to Rs.3 lakhs, according to the new scheme.

With the present structuring of loans, entrepreneurs often find that they have to divert considerable funds to pay off loans without developing a sufficient equity base. Here, UBI plans to help new ventures to make a surplus through expert financial guidance, and later channel the surplus into savings.

These schemes are expected to have a major impact on UBI's performance in the coming years, and generate growth by about 25 per cent annually. A major reason which forced the bank to take a hard took at its operational aspect was the loss in customer contact.

UBI has not done too well over the past few years. Amongst the 20 nationalised banks, its position slipped from No.6 to No.11. This has been mainly attributed to the bank not concentrating enough on the southern region and also on states like UP, Rajasthan or Madhya Pradesh where there is a high potential for deposits. Of late, however, the bank has been making concerted efforts to regain its former position. About 45 new branches have been opened countrywide, with another 40 to come up by the end of this year.

New schemes for deposits, traveller's cheques, credit cards, timely deposits and additional locker services are on the cards and will be implemented shortly. Merchant banking services are also being intensively developed. The bank's first merchant banking division has recently started operations in Bombay and is said to be doing good business. The bank's deposits, which are currently in the region of Rs.3,500 crores, are expected to be improved by another Rs.300 crores by the end of this year. Shetty, at the same time also makes clear that the eastern region will continue to be the centre of all operations, as the banks major strength — big corporate accounts — lie here.

■ MADHUMITA BOSE

NEHRU CENTENARY

At cross purposes

Strange are the ways of the Rajiv Gandhi government: on the one hand, it issues strict directives to public sector undertakings (PSUs) to tighten their belts and, on the other, exhorts them to divert energies and allocate resources for activities that cannot but be unproductive.

According to knowledgeable sources, PSUs are being "pressurised to put in their best possible effort and resources to celebrate the centenary year of the birthday of Jawaharlal Nehru commencing November 14, 1988". Even loss-making units are not being spared.

The implementation committee for the celebration of the centenary of Jawaharlal Nehru, which will spearhead the one-year national mass publicity campaign, has Shiela Dikshit, minister of state for Parliamentary Affairs, as chairperson, and M. Vardarajan, secretary, Department of Culture, as secretary. Other eminent members are Sam Pitroda, advisor, technology missions; Romesh Bhandari, former foreign secretary; Jitendra Prasad, member of Parliament, and Romi Chopra, doon school chum of Rajiv Gandhi.

Several crores. What is shocking is that the entire burden of "projecting and reviving the image and relevance of Jawaharlal Nehru as a nation builder" is being thrust on the shoulders of the ailing public sector. An exact estimate of the cost involved would be difficult to compute but it can easily be expected to run into several crores. The concerned undertakings are not being asked to formulate a separate budget for the celebration expenditure but to divert resources from the existing funds allotted to their respective publicity and public relations departments. A rough estimate could be had from the fact that the Standing Conference of Public Enterprises (SCOPE), an association of government undertakings, had sent a general circular on 26 May this year to its 220-odd members to hand over 10 per cent of their publicity and public relations budget to it for co-ordinating and carrying out the implementation committee's suggestions for the celebrations. The budgets of individual undertakings like the Steel Authority of India, Bharat Heavy Electricals Limited, Minerals and Metal Trading Corporation, State Trading Corporation, Bharat Heavy Electricals Limited, Indian Oil Corporation, National Thermal Power Corporation and the Oil and Natural Gas Commission would easily cross Rs.1 crore each.

The SCOPE proposal, however, failed to take off. The circular, asking for the 10 per cent contribution, which was sent under the personal signature of its chairman, Col.S.P. Wahi, elicited an extremely poor response. A majority of undertakings chose to ignore it; barely 40 have cared to even acknowledge it. Only three undertakings have offered to hand over their contribution to SCOPE as a one-time, lumpsum payment. Ferro Scrap Nigam Ltd agreed to pay Rs.1,000; Mazgaon Docks Ltd, Rs.5,000; and Oil and Natural Gas Commission, always flush with funds, Rs.50,000. Their offer was, however, not entertained by SCOPE secretary, General Waris Kidwai, because of the poor response from other PSUs. One undertaking wanted to oversee implementation and asked SCOPE if one of its executives could sit on the latter's committee which would be taking the vital decisions for the publicity blitz. As many as 10 undertakings refused to part with the money and said they were quite capable of handling the publicity themselves. An overwhelming majority of SCOPE members, who responded to the circular, expressed their inability to entertain such expenditure in view of the guidelines and instructions of the Bureau of Public Enterprises and the ministry of finance to effect economy and contain the budget deficit in the current fiscal year. Nearly 90 undertakings are in the red. Consequently, SCOPE has now dropped its ambitious plan and has instead suggested a detailed programme to be implemented by each undertaking on its own.

The directives to effect economy in expenditure, issued by R.R. Gupta, secretary, expenditure, ministry of finance, are extremely severe, clear and binding. Public enterprises have been told that the "provision for office expenses should not be allowed to be exceeded on the grounds of increase in postal, railway rates and other increases in costs". Also, the directives are clear that "ostentatious expenditure on festivals, fairs and exhibitions should not be permitted. Government departments and PSUs should not incur expenditure on bringing out diaries and calendars. Official lunches and dinners should be generally avoided. Unless there is an international commitment, hosting of international conferences should be avoided. No international conference should be held without the specific approval of the minister-in-charge and the

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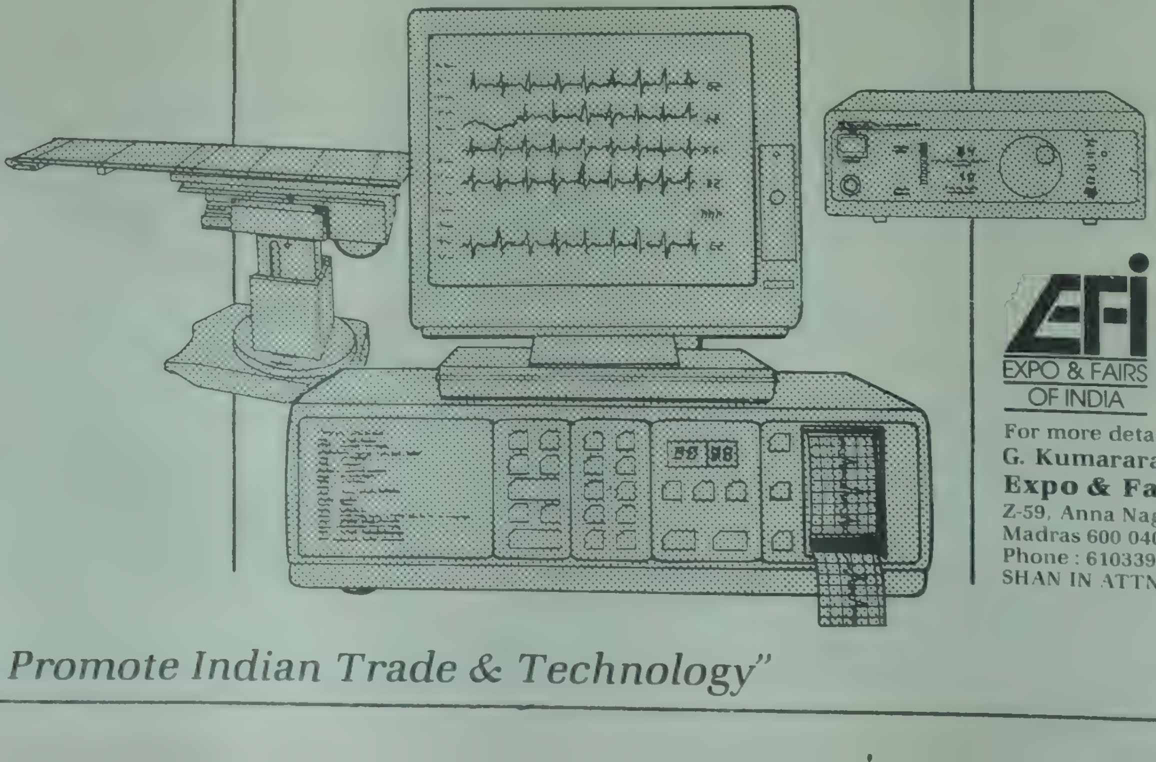

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cabinet secretary."

Double speak. Says a senior executive of a thousand crore undertaking, "They are asking us to purchase diaries with quotations of Nehru designed by an advertisement agency. We have a choice, either to buy these diaries or to do without diaries in 1989. We will dispense with the diaries and follow the finance ministry's instructions to the letter rather than succumb to pressure to benefit a single individual. "The concerned individual, who has got the Nehru diaries designed, is "very closely associated with the celebrations," according to reliable sources. If the entire public sector is compelled to purchase these diaries it would be an unbelievable bonanza for the advertisement agency.

The detailed strategy for the national publicity campaign has not yet been laid out. It is still at the "churning of ideas stage", as a senior public sector advertisement campaigner put it. Even so, an exquisite idea being seriously entertained is that of an "exhibition on wheels". It will be, if it materialises, a multi-crore enterprise. The PSUs will be jointly required to hire a full train for six months to go around the country with coaches laden with exhibits depicting Nehru's life and message. A letter written by a joint secretary to a public sector executive says, "The exhibits should be in the form of models, preferably working models. Photographs will not be attractive. There should be tape records and cassettes giving running commentaries about the models in different regional languages". Says a general manager, "We can't afford this fantasy. It will cost a fortune. We have politely said no, we cannot participate. We have cited the finance ministry instructions about economy in expenditure as an excuse."

Captive audience. The strategy to use the public sector to boost the image of Nehru has, no doubt, been well-conceived. The public sector provides the best educated and concentrated audience. A single BHEL unit at Bhopal has 20,000 employees. The Steel Authority directly employees about 500,000 people. If Nehru's message is persistently rammed down the throats of the enlightened public sector workers and they are effectively used as a tool for the dissemination of relevant information, then it is bound to have a nation-wide impact. Says a public relations manager of a leading undertaking, "If the publicity and public relations programme of public sector companies is reoriented, even within the existing budgetary allocation, and dovetailed to Nehru's thinking and philosophy, it will create a new wave and resurrect his image."

The moot point is whether it is advisable to divert the attention of public sector chief executives and other senior officials from the pressing problems of increasing productivity and profitability. Any publicity linked with Nehru is bound to become a high profile affair. Eventually, as the pressure mounts, it may generate cut-throat competition among some public sector chief executives to do better than the others as a Nehru image builder.

All this will happen in a year when the drought will still be fresh in the memory and the taxpayer is still paying its cost. To cite an example the government has imposed an additional levy of 15 per cent on foreign currency to meet the cost of the drought. It is a heavy burden on exporters who are desperately trying to meet their targets, and want to undertake promotional foreign tours.

Would Jawaharlal Nehru have allowed his name to be misused in such a blatant fashion?

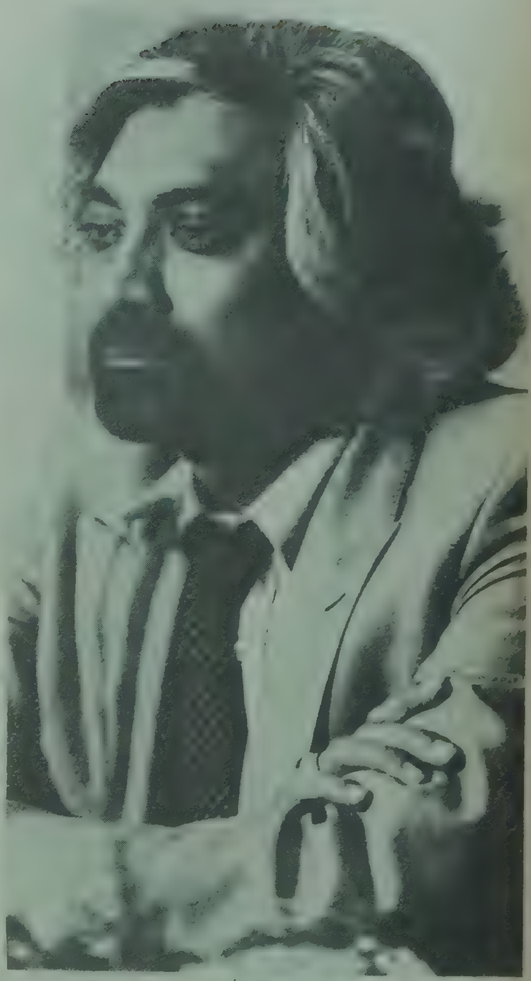
■ ANOOP SAXENA

TECHNOLOGY MISSIONS

Looking for balanced evaluation

Sam Pitroda had four buckets — one blue, one orange, and two pink — suspended virtually above his head at a roundtable on the technology missions, organised for senior journalists in Delhi on 8 August. The buckets, hanging from the India International Centre's lighting system, provoked an analogy to the functioning of the five technology missions: a stop-gap, last-ditch, make-do; and yet somewhat effective short-term response to large structural and planning failures.

Credible assessment. Review and constructive criticism were the purpose of the roundtable. Early in the discussion Pitroda said, "I realised soon that I have a vested interest in the success of the missions. So if I say we've ensured water supply to so many villages, don't believe me." By involving the media as a critical partner, Pitroda hoped that it could provide an in-depth and balanced evaluation of the missions' progress. Similarly, a Council for Social Audit of the National Technology Missions is being established to ensure another source of "credible assessment", Pitroda explained. The council will consist of 15 distinguished citizens outside the government; its members will be chosen by former Supreme Court chief justice P.N. Bhagwati, a known advocate of public interest litigation.



Pitroda: using existing machinery

Journalists had ample opportunity to be educated on the technology missions at the roundtable and also to have their concerns responded to. Pitroda took primarily responsibility — as expected — for fielding questions. The first question queried how the missions could be successful given that they had to operate through government machinery that had failed persistently to deliver in the past. Pitroda's answer, "We must ask whether one can do something with this machinery, which we all know is a given."

Another question, twice-repeated, was the logic behind choosing these five particular areas — oilseeds, water, immunisation, telecommunications and literacy — as technological missions. "These were given to us," said Pitroda, discounting his considerable say in these matters. "These were five of the 20 important areas that the Department of Science and Technology, the Planning Commission and the prime minister, identified as areas where technology inputs are significant."

A question that elicited much good-hearted laughter was whether Congress (I) and non-Congress (I) states had displayed differing enthusiasm towards the technology missions. "Yes," answered the outspoken Pitroda, "the non-Congress (I) states have responded much better." Questioned about how states can be required to implement the missions Pitroda noted that "there is no guarantee that the states will comply" but that "a major change already accomplished is that each mission document at the state level lists what are each state's responsibilities".

Comprehensive strategy. The question-session was followed by slide presentations on each mission. Certainly the most interesting of these was the one on the water mission by its director, Gauri Ghosh. Ghosh noted that supplying water "has traditionally been thought of as a pump and pipe job". This "exploitative approach" is in contrast to the mission's comprehensive strategy for providing water to the 200,000-odd "problem villages" through conservation and scientific harvesting of aquifers. Similar insights were given into the functioning of the other missions, for example, that successes on literacy are difficult to quantify given the lack of relevant physical criteria, or that the pressing need on the immunisation front is self-sufficiency in vaccines.

The roundtable was educational in a conventional way. Missing from the discussion with Pitroda and the mission leaders — due to the former's adept parrying — was any idea of the politics behind the selection of areas to be designated technology missions. A wastelands development mission and a family planning mission are under consideration in high offices (as are missions on dairy and housing), but Pitroda wouldn't clarify as to what the technological inputs are in these two fields. This reluctance to enter into such a discussion is unfortunate as it is clear that the government's designation of areas as missions has a lot to do with both giving new leases of life to past failures and to avoiding difficult national-level policy decisions.

Until Pitroda and his top-level friends risk such debates, buckets — read improvisations — will continue to be needed as holding mechanisms.

■ SIDDHARTH DUBE

AP RICE SCHEME

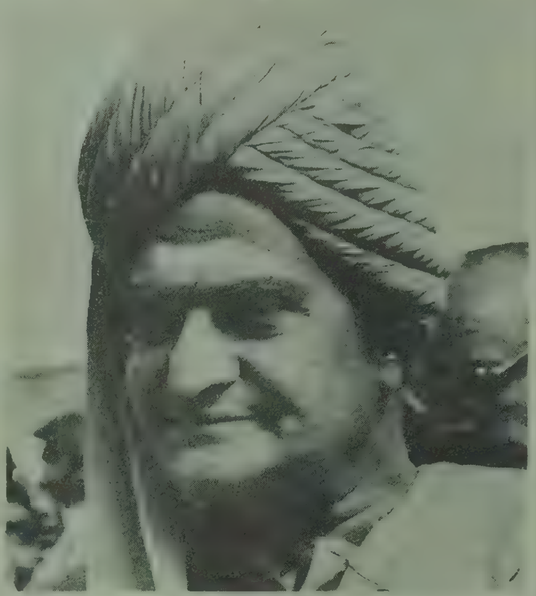
Threatened by the taxman

Ever since the Telugu Desam came to power in Andhra Pradesh, state-centre confrontations on various issues have become routine. This time, the Telugu Desam regime is accusing the centre of attempting to scuttle the subsidised Rs.2-a-kg rice scheme by "unjustly" slapping income tax on the state-owned A.P. State Civil Supplies Corporation and the A.P. State Essential Commodities Corporation, the two agencies handling the public distribution system in the state.

Whopping taxes. The tax pertains to the surpluses shown by these two corporations on their turnover of Rs.4,000 crores in the five-year period, 1983-84 to 1987-88. The total tax liability on both the corporations is estimated at Rs.103.64 crores upto 1987-88. The tax on the APSCSC comes to Rs.41.82 crores and that on the APSECC adds up to Rs.61.82 crores.

Chief Minister N.T. Rama Rao and state civil supplies minister M. Gopalakrishna suspect the "hidden" hand of union industry minister Jalagam Vengal Rao and union human resource development minister P. Shiv Shankar in what they call a game of "polluting food with politics". The two corporations, they contend, are "service-oriented" undertakings and not commercial enterprises as the rice supply scheme is heavily subsidised by the state government every year. Reportedly, every kg of rice supplied to the poor costs Rs.3.65 and the state government subsidises it by Rs.1.65.

The two corporations,which come under the administrative control of the state civil supplies department, are actively involved in the procurement and distribution system. The APSCSC arranges for the procurement, storage, and transport of several essential commodities up to mandal stockist points. The APSECC then arranges for distributing these to the fair price shops in each of the villages of the state. The income of both corporations is derived from the sale of essential commodities. For all the years from 1983-84 onwards, both the corporations actually incurred losses. However, from time to time the state government directs the corporations to sell the essential commodities at rates fixed by it, and releases a subsidy. It is because of this subsidy that the corporations have surpluses. If this subsidy was not taken into account, the corporations would show losses and the question of income tax would not arise, Gopalakrishna explains.


Rama Rao: critical of the Centre

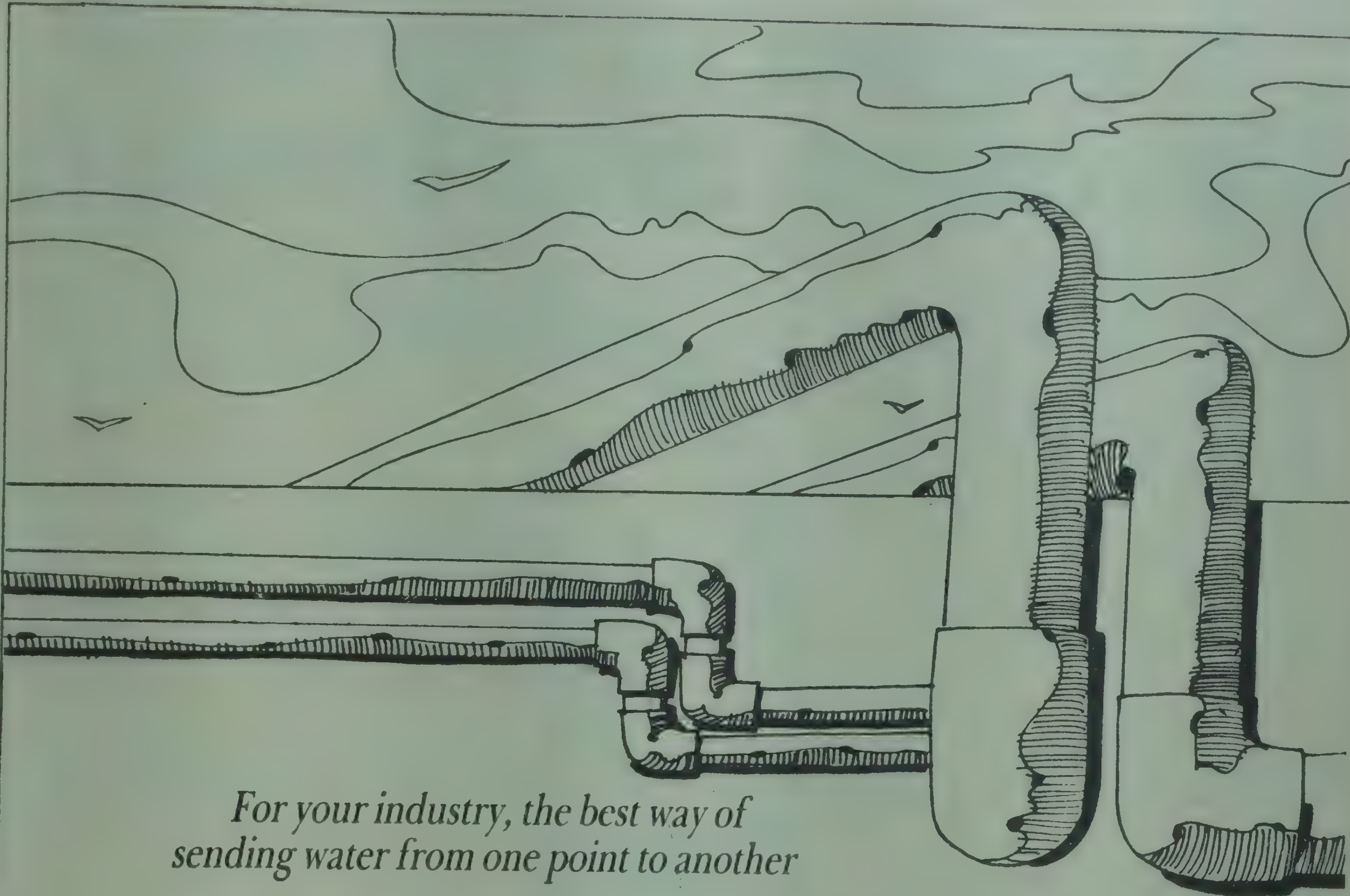
Fund outflows. The APSCSC contributes 2 per cent of its turnover to the state government for the creation and maintenance of the price stabilisation/ equalisation fund (on the lines of the fund created by the government of India in the transactions of Food Corporation of India and State Trading Corporation of India). The APSECC also pays an administrative surcharge of Rs.5 per quintal of rice and Rs.1.35 per quintal of wheat to the state government.

Moreover, an infrastructure surcharge is provided in the costing structure of palmoline oil sold through the APSECC. But the tax authorities have not taken into account this outflow while computing the taxable income of the two corporations.

The income tax authorities are treating both the corporations as commercial and profit-making trade organisations for the specious reason that they debit a specific amount under the head "price stabilisation fund and state administrative/infrastructure surcharge" towards expenditure on government staff involved in public distribution work, interest, transport costs, godown rent and such other infrastructural arrangements.

The two corporations are seeking exemptions, but fear that if they are not granted it will be impossible for the state government to continue the subsidised rice scheme. There is no doubt, however, that the two corporations aided by NTR will put up a tough fight.

■ SYED AMIN JAFRI



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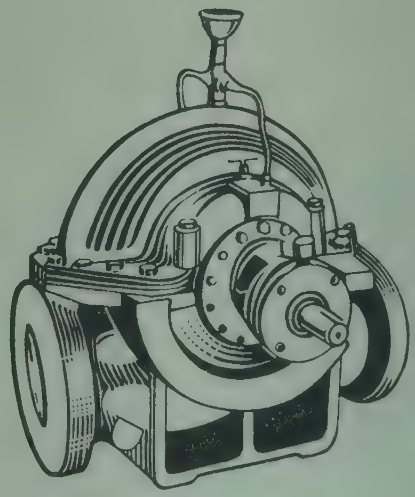

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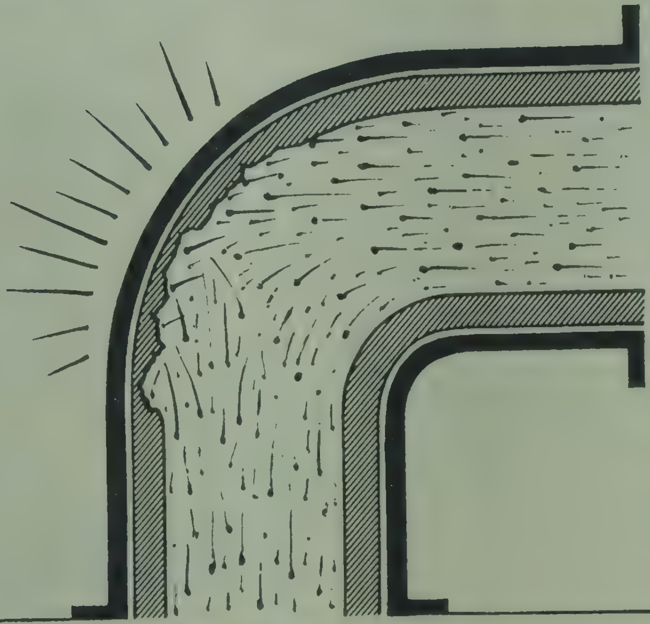

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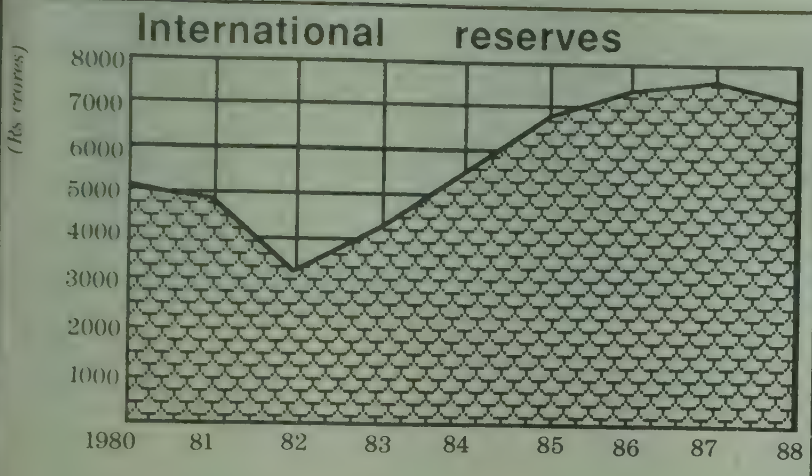
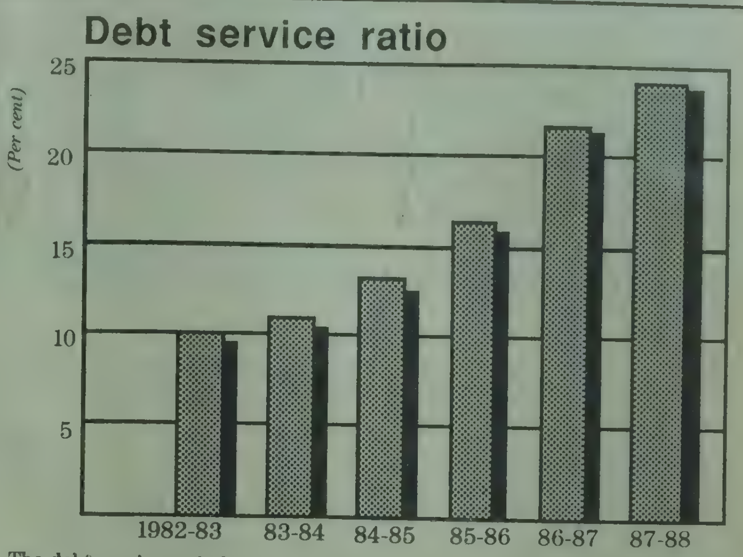


India's foreign exchange reserves have declined by Rs.881 crores or 12 per cent to Rs.6,406 crores (as at June 3) since April 1988. In fact, the reserves on 3 June 1987 stood at Rs.7,317 crores which means that on year-on-year basis the reserves have declined by Rs.911 crores. In real terms the fall in reserves is even greater because there has been a steady depreciation in the value of the rupee over last year.



The debt service ratio has been rising steadily over the years and has crossed the danger mark of 20 per cent. The debt servicing charges expressed as a percentage of foreign exchange reserves (including gold and SDRs) has increased from 13.1 per cent in 1984-85 to 20.4 per cent in 1986-87.

Wholesale price index: The WPI-all commodities has increased by 1.6 per cent in the month to 16 July. This increase is largely due to the rise in prices of primary articles. There has been a steep rise of 7.5 per cent in the price of pulses. In manufactured products the price of sugar, khandsari and gur rose by 4.9 per cent and that of edible oils by 4.0 per cent.

(1970 = 100)

	16 July 1988	18 June 1988	18 July 1987	% change over month	year
All commodities	432.6	425.6	401.7	1.6	7.7
Primary articles	408.6	398.4	380.0	2.6	7.5
Mfg. products	412.5	407.1	380.3	1.3	8.5

Consumer price index: The consumer price index for industrial workers increased by 8 points to 771 in May. However, the index for urban non-manual workers has not changed during the month under review.

	May 1988	April 1988	May 1987	% change over month	year
Industrial workers (1980 = 100)	771	763	703	1.0	9.6
Urban non-manual workers (1984-85 = 100)	131	131	—	—	—

Money and banking (scheduled commercial banks): Aggregate deposits of banks have again registered a rise of 2.6 per cent in July. But because of the tight money policy bank credit has increased only marginally by 0.69 per cent. Food credit has declined further by 8.2 per cent.

(Rs. crores)

	29 July 1988	24 June 1988	31 July 1987	% change over month	year
Broad money (M3)	172,644	169,106	146,245	2.10	18.00
Agg. deposits	127,388	124,184	107,519	2.60	18.50
Bank credit	72,494	71,993	64,360	0.69	12.60
Food credit	1,915	2,085	4,765	− 8.20	59.80
Credit dep. ratio	56.91	57.97	59.86		

Industrial production index: The industrial production index has declined by 12.3 per cent in April, after rising in February and March. This fall is largely due to a substantial fall in crude oil, coal, steel and cement production in April. In June there was a fall in production in all the infrastructure industries.

	Latest month	Previous month	Year ago	% change over month	year
Ind. prod. index (1986-87 = 100)	170.20(4)	194.0	156.6	− 12.30	8.70
Rly. freight (mn tonnes)	23.53(6)	24.96	23.71	− 5.70	− 0.76
Crude oil prod. ('000 tonnes)	2,618(6)	2,739	2,385	− 4.40	9.80
Power generation (mn units per day)	581(6)	588	530	− 1.20	9.60
Coal producton (lakh tonnes per day)	4.62(6)	4.68	4.41	− 1.30	4.80
Steel production ('000 tonnes)	667(6)	702	547	− 5.00	21.90
Cement production ('000 tonnes)	3,613(6)	3,624	3,018	− 0.30	19.70

(Figures in brackets indicate month)

Bullion prices and stock market index: The price of gold and silver in the Bombay market has risen by 5.3 and 5.0 per cent respectively. This is in spite of the fact that in the international market the price of bullion has been steady.

	12 Aug 1988	12 July 1988	13 Aug 1987	% change over month	year
Gold (Bombay)	3,190	3,030	2,740	5.30	16.4
Gold (London)	1,974	1,968	1,857	0.30	6.3
Silver (Bombay)	6,211	5,912	4,874	5.00	27.4
Silver (London)	3,057	3,125	3,155	− 2.20	− 3.1
Bombay stock exch index (1978-79 = 100)	593.73	588.01	491.25	0.97	20.0

Gold prices are in rupees per 10 gms and silver is in rupees per kg.

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Dr A S Rama Sastry
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Dr E A Ramaswamy
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Employment: an ongoing problem

The prime minister has stressed that during the eighth plan the focus should be on an integrated land-based employment and growth centre approach. Taking the cue, the planning commission has cautioned that unless new work opportunities are created for about 10 million people annually, the backlog would become unmanageable.

The number of job seekers on the live register of employment exchanges was already 30.24 million at the end of 1987, an increase of about 0.4 per cent over 1986. The placements made in 1987 were 0.33 million which represented only about 1.1 per cent of the job seekers on the live register. Placements as a percentage of the total number of job seekers have been declining over the years. It was 10.9 per cent in 1970, 2.9 per cent in 1980 and 1.1 per cent in 1987.

Total employment in the organised sector has more than doubled since 1960 with a growth rate of 4.5 per cent per annum over the last 27 years. In 1960 the public sector accounted for 53.3 per cent and the private sector 41.7 per cent. But with the rapid growth in the public sector over the years the lion's share in employment, ie, about 71 per cent is accounted for by it. This is because employment in the private sector has hardly grown over the years. It was 68.44 lakhs in 1976, which grew by only 7.8 per cent to 73.79 lakhs by 1987.

What is the size of a company (in terms of capital) that creates the most jobs? Especially in the 1980s it was companies which had an investment between Rs.10-20 lakhs that created 13 per cent more jobs in the period 1980 to 1985. But the smaller companies had a negative growth rate. Surprisingly in the west it is the smaller companies that are generating more jobs.

In the organised sector, community, social and personal services accounted for 9.65 million jobs in 1986, followed by manufacturing (6.25 million) and transport storage and communications (2.99 million). Even though the service sector of financing, insurance and real estate accounts for only 12.48 lakh jobs, the fastest growth in recent years has been recorded by this sector. But there is nothing unusual about this growth because it is in line with what is happening in other developed and developing countries.

Also, employment in the organised sector is not evenly distributed over all the states. Maharashtra topped the list with 1.25 million persons accounting for about 16 per cent of total employment. In fact, nine states accounted for 6.31 million lakh persons or 80.2 per cent of total employment in industry.

The above scenario, is only part of the story. The bulk of the employment is in the rural unorganised sector. Considering that the labour force (potential) consists of about 300 million persons (a rough estimate), the organised sector accounts for less than 10 per cent. Agriculture still accounts for about 65-70 per cent of the total work force. But here again one has to take into account under-employment and disguised unemployment because of the excessive pressure on land.

It is in order to increase employment in the rural and semi-urban areas that the government launched the employment programmes such as the rural landless employment guarantee programme (RLEGP) and the national rural employment programme (NREP). But unfortunately various studies have shown that employment being provided under the programme is of too short a duration and therefore unable to make an impact on the standard of living of the rural folk. Even targets set for raising the specified beneficiaries above the poverty line have not been too successful. This is in spite of the fact that a tidy sum of Rs.5,000 crores has been pumped into these programmes over the last three years.

There is no doubt that the effort on employment generation will have to be focused on agriculture and allied activities in the countryside. But if one considers the rapid growth of the educated unemployed in urban areas, it will be a folly to neglect them.

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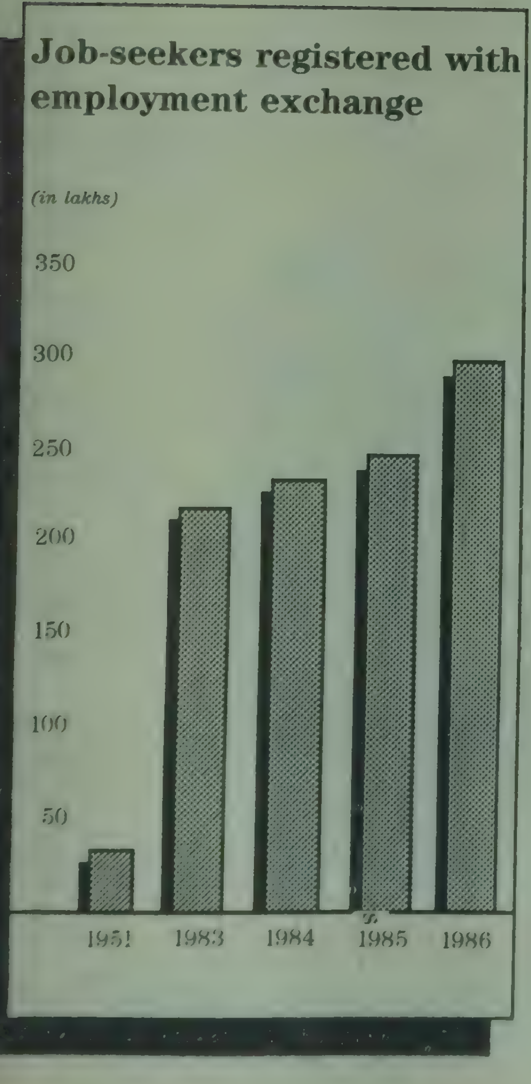

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LEADING THE WORLD IN TYRE TECHNOLOGY

DINESH MOHAN

BRAIN DRAIN

A question of attitudes

Whenever our policy makers bemoan the quality of science and technology in India they always blame it on low salaries, lack of equipment and bureaucratic work conditions. But these three complaints are universal and so I don't really believe them to be the root cause of our malaise in professional institutions. A recent study from the Indian Institute of Technology (IIT) Bombay shows that the reasons may be actually much deeper and reflect more on the value system of our society in general and our upper classes in particular.

Though everyone has been complaining of the brain-drain from IITs for more than a decade, no one thought it proper to do a scientific study. Professors S.P. Sukhatme and I. Mahadevan of IIT Bombay ought to be congratulated on their excellent study on the *Magnitude and Nature of the Brain Drain of Graduates of the Indian Institute of Technology*, Bombay. The study, sponsored by the Department of Science and Technology, is an example of painstaking work which is all too rare in the area of science and technology assessment.

Professors Sukhatme and Mahadevan chased down the addresses of 837 out of 1,262 students of IIT Bombay who graduated in the years 1973-1977. These students were sent an extensive questionnaire, and after much prodding 501 replies were obtained. Statistical tests indicate that the answers received should be a fair representative of the total sample. The authors feel that their sample should be fairly representative of other IITs also.

From 1973 to 1977, 40 per cent of the IITB graduates went abroad and of those 23 per cent returned. This means that on an average 31 per cent of IITB graduates have settled abroad and 9 per cent have gone abroad for studies and returned to India. The rest (60 per cent) have preferred to work and live in India. A more recent survey for 1986 showed that 49 per cent of the IITB graduates went abroad. Therefore it would be safe to assume that approximately 35 per cent to 50 per cent of IIT graduates go abroad every year and 30 per cent to 40 per cent never return. In the last 20 years approximately 25,000 students have graduated from the five IITs. This would mean that at least 10,000 IIT graduates have migrated, a vast majority of them to the US.

What is most interesting is that only 7 per cent of those who went abroad ranked better academic facilities there as the primary reason for their move! This is reflected in the ultimate career choices also. Only 9 per cent of the IIT graduates abroad and 3 per cent here are pursuing academic research or teaching careers. Only 1 per cent in India have opted for teaching as a career. It is interesting that 36 per cent of those who have settled abroad have done PhDs, but only a quarter of them opt for academic careers.

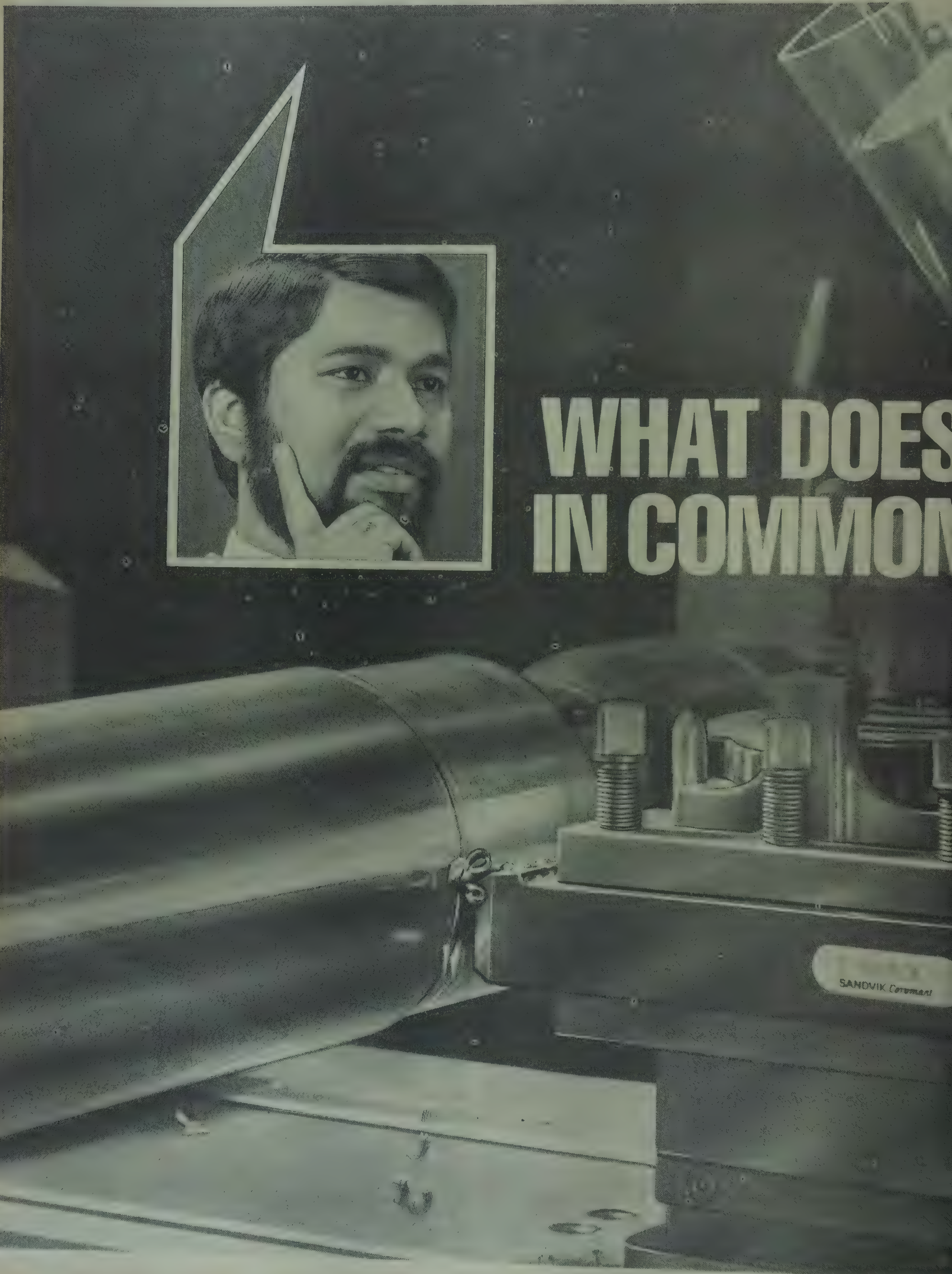
Of those who chose to stay back in India, 51 per cent did go in for some postgraduate training. However, most of them went in for management and only 23 per cent for further training in their field of study at IIT. Only 10 per cent of those who did postgraduate work in India went back to an IIT to do it. Even in the US, only 43 per cent of the boys went in for postgraduate work in their original area of training. An equal number went in for management degrees. In India only 18 per cent went on to become practising engineers and their proportion in the US was 28 per cent.

The data clearly indicates that most of the students in IIT do not have much interest in the branch of engineering they actually study. They seem to have even less interest in academics in general. Their stay in IIT does not seem to inspire them technically or scientifically, nor do they seem to select any of their faculty as role models. Otherwise many more of them should feel encouraged enough to go back to IITs to study or at least chose to pursue academics as a career in the US.

The most encouraging finding of the study is that 29 per cent of the graduates living in India describe themselves as self-employed entrepreneurs/industrialists/consultants, as opposed to only 7 per cent in the US. Of those in India, about 50 per cent were working in their family busi-

Whenever our policy makers bemoan the quality of science and technology in India they always blame it on low salaries, lack of equipment and bureaucratic work conditions. But these three complaints are universal and so I don't really believe them to be the root cause of our malaise in professional institutions. A recent study from the Indian Institute of Technology (IIT) Bombay shows that the reasons may be actually much deeper and reflect more on the value system of our society in general and our upper class in particular. The study, sponsored by the Department of Science and Technology, is an example of painstaking work which is all too rare in the area of science and technology

The author is State Bank Professor for Biomedical Engineering at the Indian Institute of Technology, New Delhi.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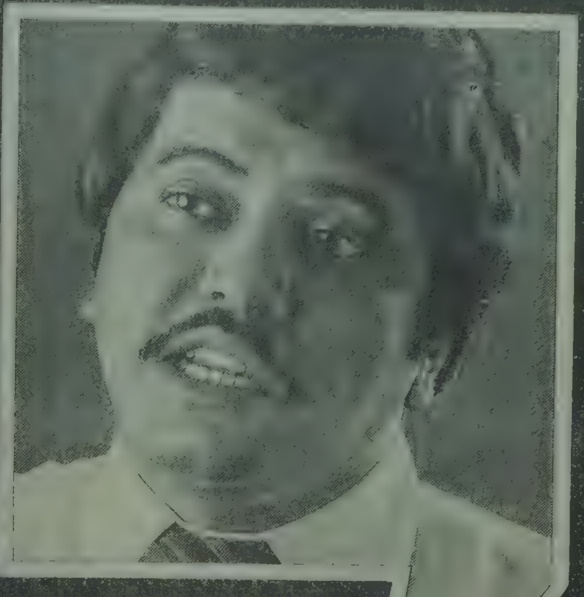

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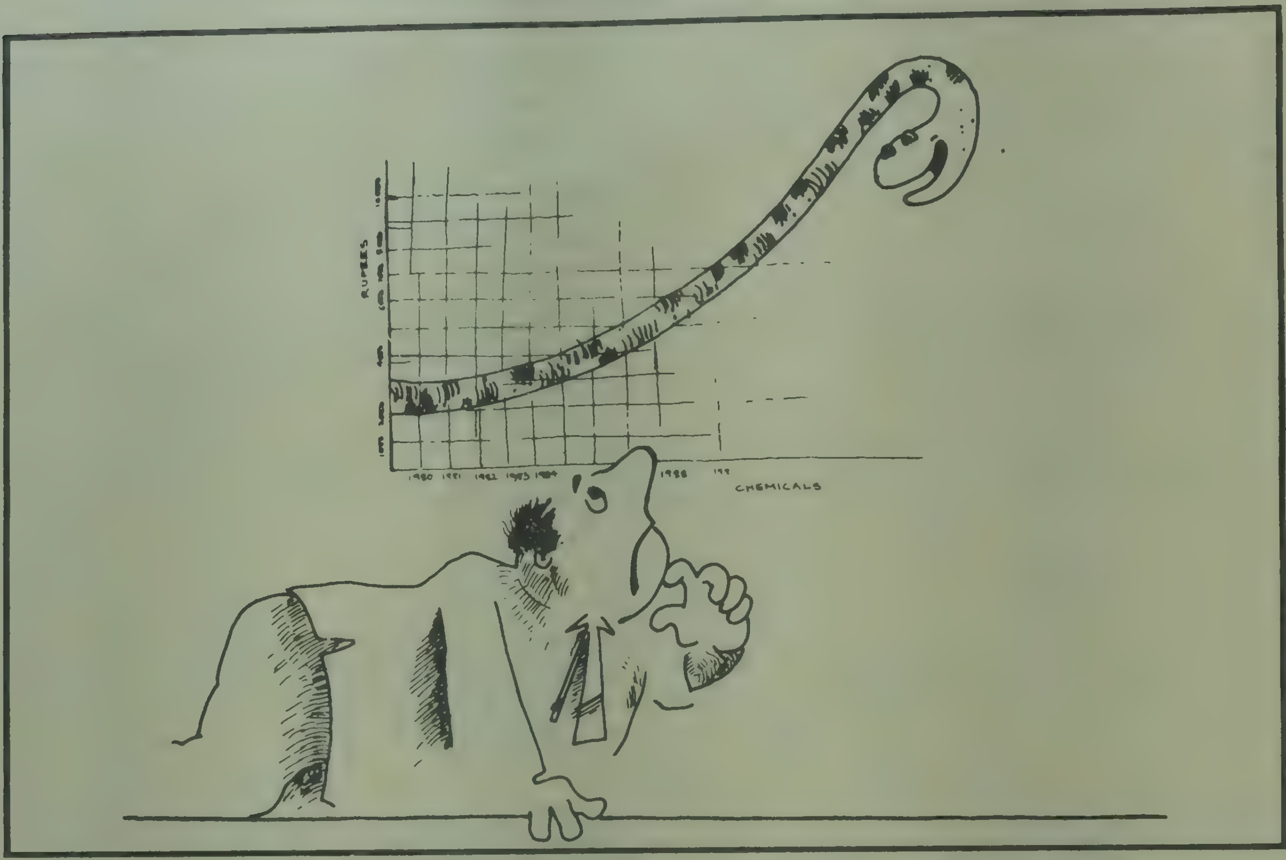

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The most important reason given for not returning was ''stifling, unresponsive bureaucracy'', and the second was ''ugly, dirty crowded urban environment''! Both those who migrated and those who stayed on do not find ''participation in India's development'' or ''involvement in public affairs'' at all important as positive features aiding their decision to stay here. It appears that there is a self selection operating here. The most important finding of this study is that most IIT graduates do not do engineering here or abroad and only a minuscule number does research even under the best of circumstances in the US

nesses and an equal number claim to have started from scratch. My calculations would indicate that IITs have educated 4,000 to 5,000 offspring of industrialists or businessmen who are running their own concerns in India and an equal number are entrepreneurs in the true sense of the word. This is an aspect of the IITs' contribution to the Indian economy which has been underplayed and underestimated. A bright economist should be able to find out what this contribution is. At a minimum, this must have given us better capabilities in the import of technology.

Industry clearly does not pay our engineers well. The study shows that the lowest salaries are earned by those who stayed in India and obtained an MTech in the same field as their BTech. In these days of free enterprise it must mean that our industry does not really need intelligent engineers. They are probably just needed to manage the local "environment" and the foreign collaborators. Ordinary engineers at low wages can manage the modern high-tech!

The study also attempts to find out why the students go abroad and why they do or don't return. This is a weaker part of the study. However, what is striking is that a vast majority (74 per cent) of those living abroad did not have any intention of looking for a job in India. Only 9 per cent actually returned to a job here and gave up within three years. The data does show that the few who returned and are still living here on an average have 10 to 20 per cent higher incomes than those who didn't go out.

The most important reason given for not returning was "stifling, unresponsive bureaucracy", and the second was "ugly, dirty crowded urban environment"! Both those who migrated and those who stayed on do not find "participation in India's development" or "involvement in public affairs" at all important as positive features aiding their decision to stay here. It appears that there is a self selection operating here. Obviously, those who migrate do not seem to place national pride or altruism high on their list of values.

The most important finding of this study is that most IIT graduates do not do engineering here or abroad and only a minuscule number does research even under the best of circumstances in the US. Therefore, just improving salaries or working conditions in Indian institutions will not lure these people back.

The malaise is more serious. The upper classes in India are a selfish lot, not really concerned about their obligations to a society which nurtured them. Even worse, the type of people who take advantage of institutions like IITs do not have much regard for learning and scholarship as a societal value.

Where does one go from here? In the absence of a social and political climate which instils and places a premium on scholarship and national pride, one can't think of dramatic changes in attitudes. In addition, as long as economic and industrial policies discourage innovation locally, engineering jobs will not be given importance by bright graduates or industrial employers. However, in the meantime, some policy changes can be made which would discourage youngsters from joining IITs solely with the purpose of obtaining visas for the US.

Firstly, serious thought should be given to instituting a departure tax of about Rs.300,000 on all IIT graduates who leave the country (except of course on sponsored training programmes) within five years of graduating. Provision could be made for reimbursing the amount if the person returns to the country. This would send a message to the upper middle classes that they can't take public funds spent on their education too lightly. Institutions like IITs are funded from the revenue collected by the government, a significant portion of which is obtained from indirect taxation of the poor.

Much more thought has to be given to the structure of technical education in India. Though this is not the place to discuss the issue, I can throw up an idea for debate. It is obvious that selection of specialisation by the students is not done on the basis of any logic or aptitude for the subject. We could instead design a three year bachelor's degree in general engineering science and only this course should be offered in places like IITs. Specialisation would be done only after the BESc and arrangements made for much inhouse training in industries.

In the meantime we should not place much hope on or give too much importance to the role of NRIs in the development of India. They obviously have other ideas.

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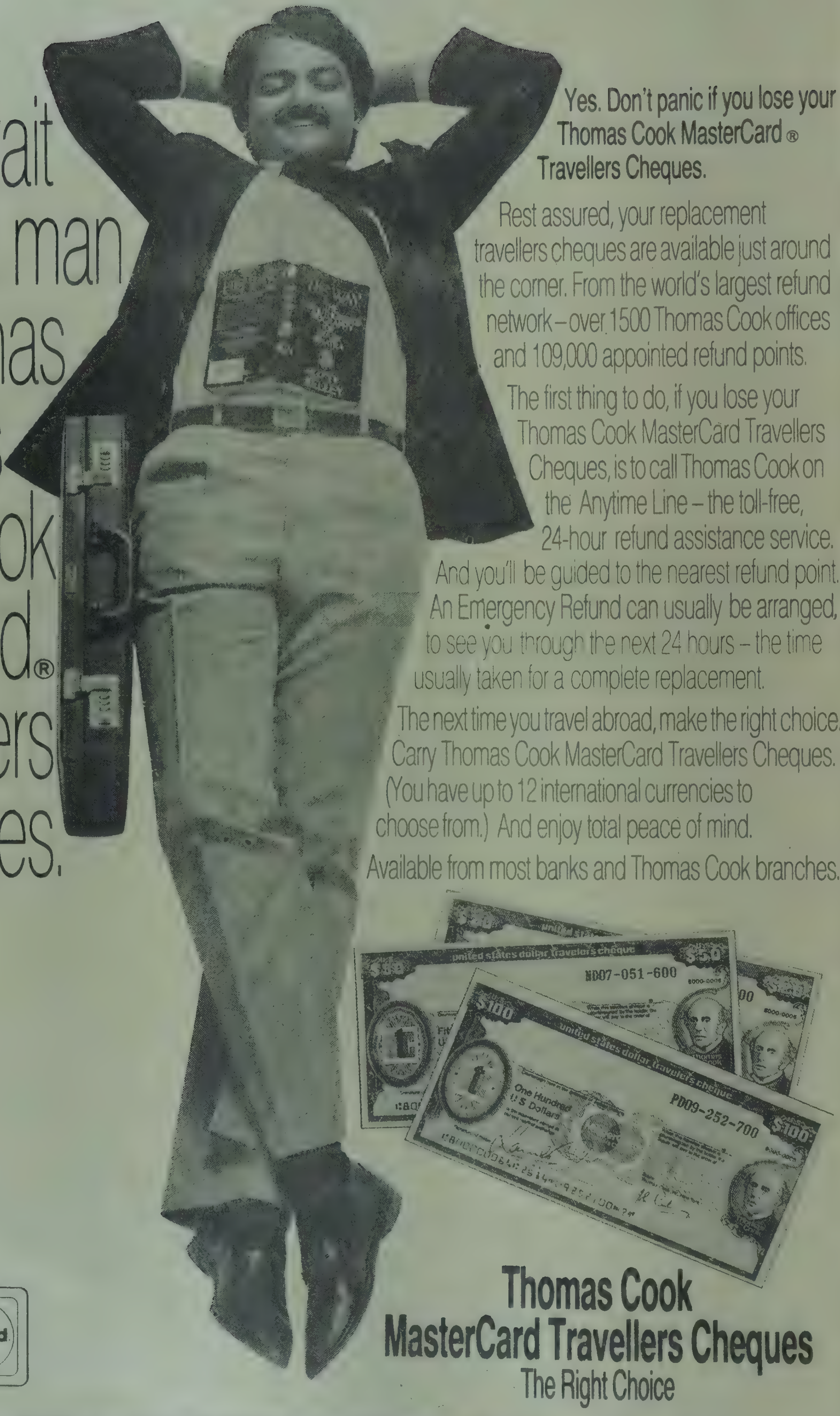

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"'We have to compete in the world"

Dinesh Singh *recently took charge of the commerce ministry, which, for some time, has not been held as an independent portfolio by a cabinet minister. He spoke to* Business India.

What is it like to hold the same office once again after 20 years?
It is a different world after two decades. When I was here last it was just after the devaluation of the rupee and we were desperate to build up exports. Even today, we want to do that, with the balance of payments situation.

At that time our industries were at a fairly nascent stage, and had to be protected from external competition; and our resources were very limited. So, there was the licensing of industries. Now we have attained a certain maturity. We have to compete in the world and therefore there has to be more liberalisation.

Also, we depended on our traditional exports, mainly primary commodities. Now 60 per cent of our exports are in non-traditional items. Also, we have now to think in terms of a world in which there will be fewer barriers. So our products will also have to be internationally competitive.

Surely we cannot produce third quality goods for the domestic market, and expect the same industry to produce first quality goods for exports. After all, excellence is indivisible.
We are not thinking in terms of dividing goods which will have different quality for exports and for the domestic market. What we are attempting is to make exports more profitable.

Why should anyone export when there are much higher profits in the domestic market?
Yes. Exports must be also profitable. And where possible, as profitable as the domestic market.

Do you believe that we could become world leaders in any area of exports?
hadn't thought of leadership just now. I was thinking more in terms of making our ndustries internationally competitive.

How do you propose to do that? What re the new innovations and changes hat you would like to bring about?
Basically three things. First, increasing heir earnings from exports, so that inustry is interested in exporting and not merely meeting the local demand. Second, creating surpluses for export because, if they have surpluses, they will look for markets outside. Third, having a value-added system; for instance we have tea, which we export in bulk. Should we not export packets and tea bags too?

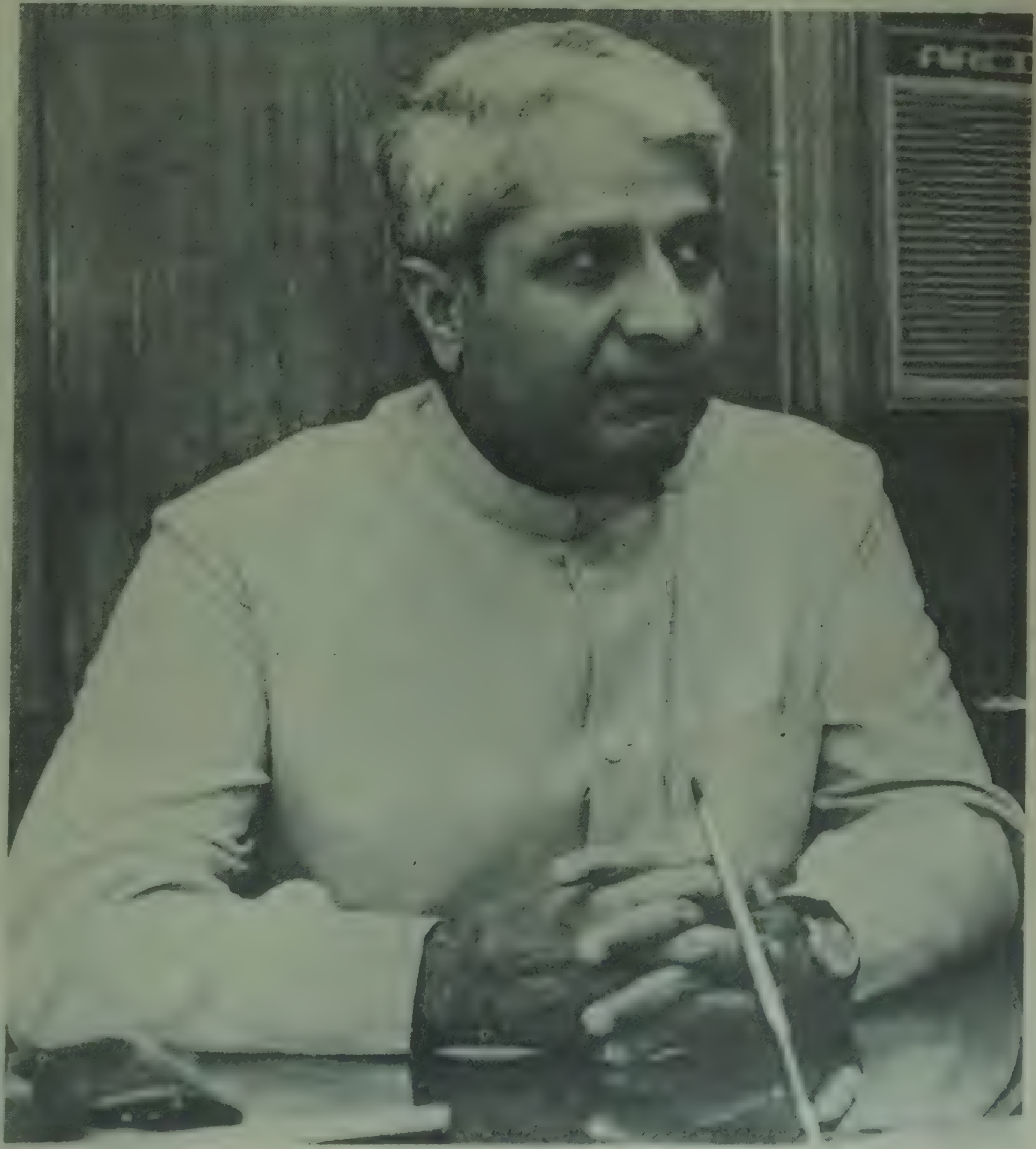
When you talk about international competitiveness, what is the rationale for protecting some industries indefinitely?
I don't think there is a question of protecting these industries indefinitely. At the same time, one cannot allow all the industries to close down suddenly. The real question is of gradually making them internationally competitive.

Can you think of some specific steps we can take towards this in the next 18 months?
First, we encourage areas where there is growth potential. That may not be with the big sector. In fact I am not too happy with the export performance of our larger industries.

We will encourage in every way those people who are competitive to go into value-added exports, using the latest equipment, machinery, technology.

Then again, there are those who are perhaps too primitive to be participants in this process. We must persuade them to modernise with the equipment and machinery which will make them technologically modern and competitive. For instance, take a textile house or factory which was probably set up before we were born. For that unit it is a question of either introducing balancing equipment which will improve the quality of output or to leave it as it is and set up something new, which will be technologically modern and competitive.

The huge trade policy lists that are issued under the Import & Export Act allow some babus to decide what's



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going to be imported and what's going to be on a banned list. What sense does this make?

The government is run by permanent civil servants. That will continue. This happens in other countries too. But it is not that one decides arbitrarily — there is a considerable degree of consultation both with industries and the ministries concerned. You will see that by and large there is no dissatisfaction, barring cases of individual dissatisfaction. As a whole, industry and trade have welcomed this.

If you look at the fortunes in this country, they have basically been made on understanding the import trade control regulations and licensing. The biggest fortunes in recent times have been made by shifting goods from one list to the other on some foreknowledge or thought. How does one justify all this?

Well, that is Indian ingenuity. What can we do about that?

Two questions arise here. Should we not shift from a system of a case-by-case approach of individual clearances? Also, should we not move away from physical controls of licences to some sort of system of economic adjustments, so that we can work on economic considerations, rather than on getting to know the list in advance, or being able to get a licence?

I agree with you entirely. But these things come at different stages of economic growth and we are at a particular stage of economic growth when we have to have some of these restrictions. But, too rapid a change may not be fully absorbed under our economic and political system. Ten years ago one would not believe that such liberalisation would come now. All that you are saying is something that will happen. Its a question really of when.

But all these controls benefit only 1,000 families. Instead, if you make your pitch to the Indian consumer, wouldn't it bring about quick changes?

Yes, and more, because we will win the sympathy of the consumer but if we stop producing then the same consumer will not be happy with us. So, we have to view it from the point of view of not disrupting the system, and of altering the system so that we go a stage where there is minimal risk of breakdown.

Is there any kind of thinking to shift away from an individual case-by-case approach to one where the bazaar sorts it out on a truly competitive basis.

I think it is a very good suggestion which I must examine. I cannot say off hand what the problems are, but in principle I agree.

With liberalisation of imports, large industries get foreign exchange to import parts or raw materials. They have no compulsion or incentive to export. How do you propose to rectify that?

The only way to do it is to impose export obligations. A dialogue has already begun to see how we can increase the exports of the large industries.

In theory, when they get their approvals they have an export programme. What do you do if they don't export, do you shut them down?

It is an interesting point you have raised. The ministries that issue licences are supposed to monitor these. I am afraid I am not fully able to answer that.

But can you not, as commerce minister, work out some simple arrangement whereby an industry which wants foreign exchange is asked to make its own arrangements, either through exports or through NRIs or some such thing?

In theory yes, but in practice it could lead to a number of distortions if you allow them general freedom. I do not know how desirable it would be for me to comment on that but fortunately that is being looked after by the ministry of finance. But I agree that they should really be asked to import against exports, but to leave them free to get exchange from wherever they want can lead to a lot of distortions.

What is the role of the industry in helping you to formulate your policies? What are the inputs that they can give you before the policy is implemented?

Well, I don't know what has been the past practice and what is the basis on which these policies are formulated. But, I dare say, there has been a considerable measure of consultation between industries, particularly between FICCI and ASSOCHAM and the government, and we are continuing that. Both of them are proposing to hold seminars and their suggestions keep coming, which we will look into.

Do you really expect the bureaucracy to come up with some new and bold ideas to get exports going?

The bureaucracy is part of Indian society and therefore individuals in the bureaucracy are capable of coming up with new ideas .

What impact will all the changes in China and Russia, have on our exports to these countries?

Well, I think this is the question we will have to consider far more deeply but, broadly speaking, I shouldn't think it will make a great difference. Their liberalisation and our liberalisation will only open out new avenues, but only if our goods remain competitive.

How do you see the China factor? Over the next ten years they are going to be our biggest competitor.

We have a little problem there. Generally speaking our industry is in the private sector. Therefore there is that very strong motive of profit. In China, because of the state control, despite liberalisation, cost is not a factor. It is very difficult to make a general statement on that because the time comes when costs do become an important factor. But, often there is unfair competition that one has to face in global change.

Since cost is not a factor in the public sector, shouldn't the public sector be at the forefront of exports?

Well the public sector must be in the forefront. But it is not fair to say that we are not worried about costs.

Would it be fair to say all public sector companies involved in import or export only make money on canalised items?

We now wish that they go into non-canalised items.

We have historically been strong in services such as banking, shipping, insurance. Services are also the fastest growing sector of world trade. Also they provide maximum employment. How do you ensure a growth in the service industry?

I think it is growing reasonably fast. Of course, in many ways, service in the new context is highly technologically oriented as compared to services in the past. We have to compete with countries who are very greatly advanced in this area, using very sophisticated equipment. But we have been very successful in many of our turnkey projects abroad, and there are many more planned in the Soviet Union, West Asia and with peace returning, hopefully in Iran and Iraq.

What about modern areas like hospital services, accounting services and management services which might not necessarily be performed in the foreign countries but could actually be performed in India. Does the government have a view on this, an initiative, a policy?

There is no policy in the sense that there is no ban, there are no restrictions. Nobody has asked for any facilities in this respect but, as and when these are asked for, we shall certainly look at them. But we are already encouraging computer software.

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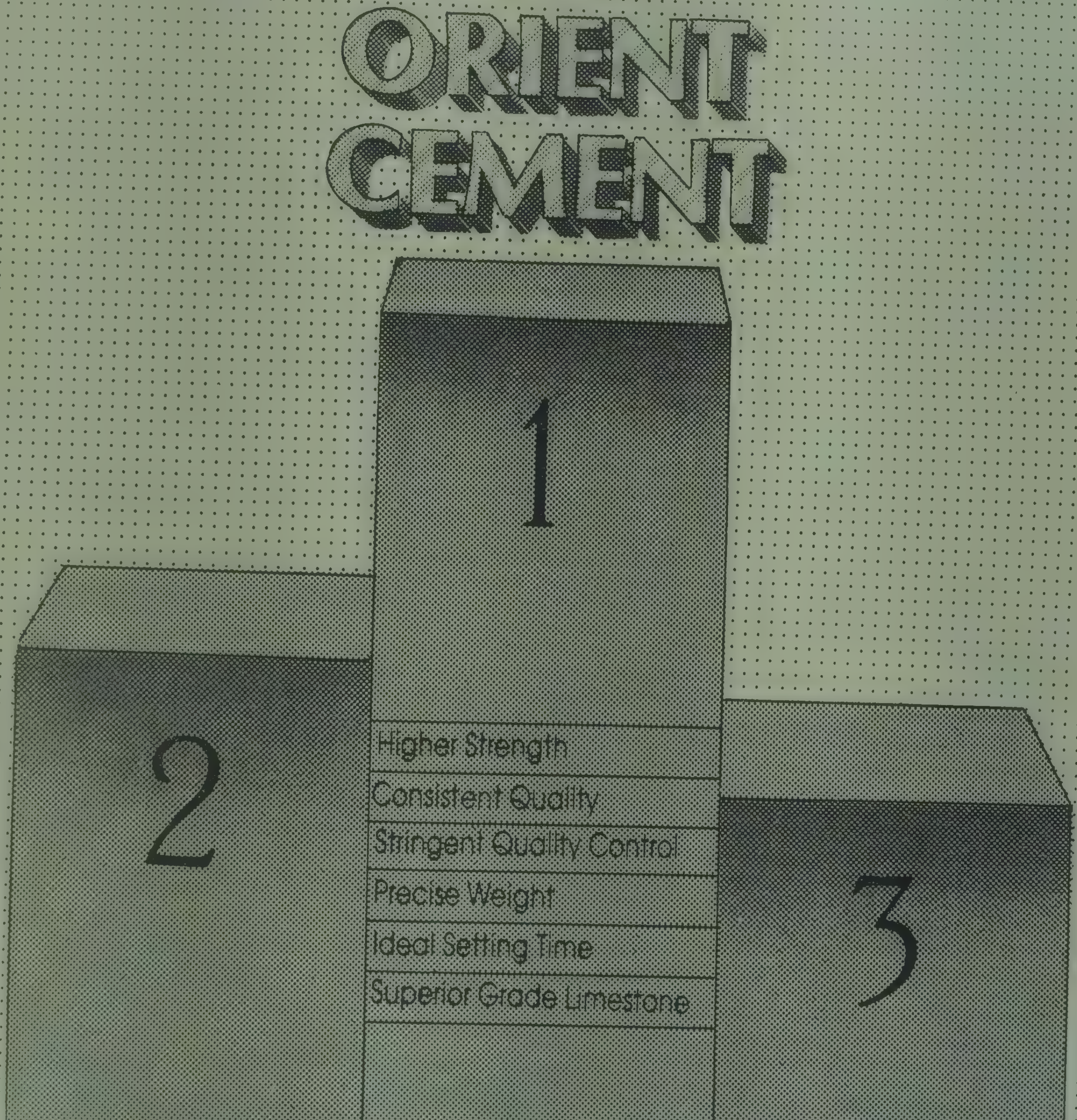
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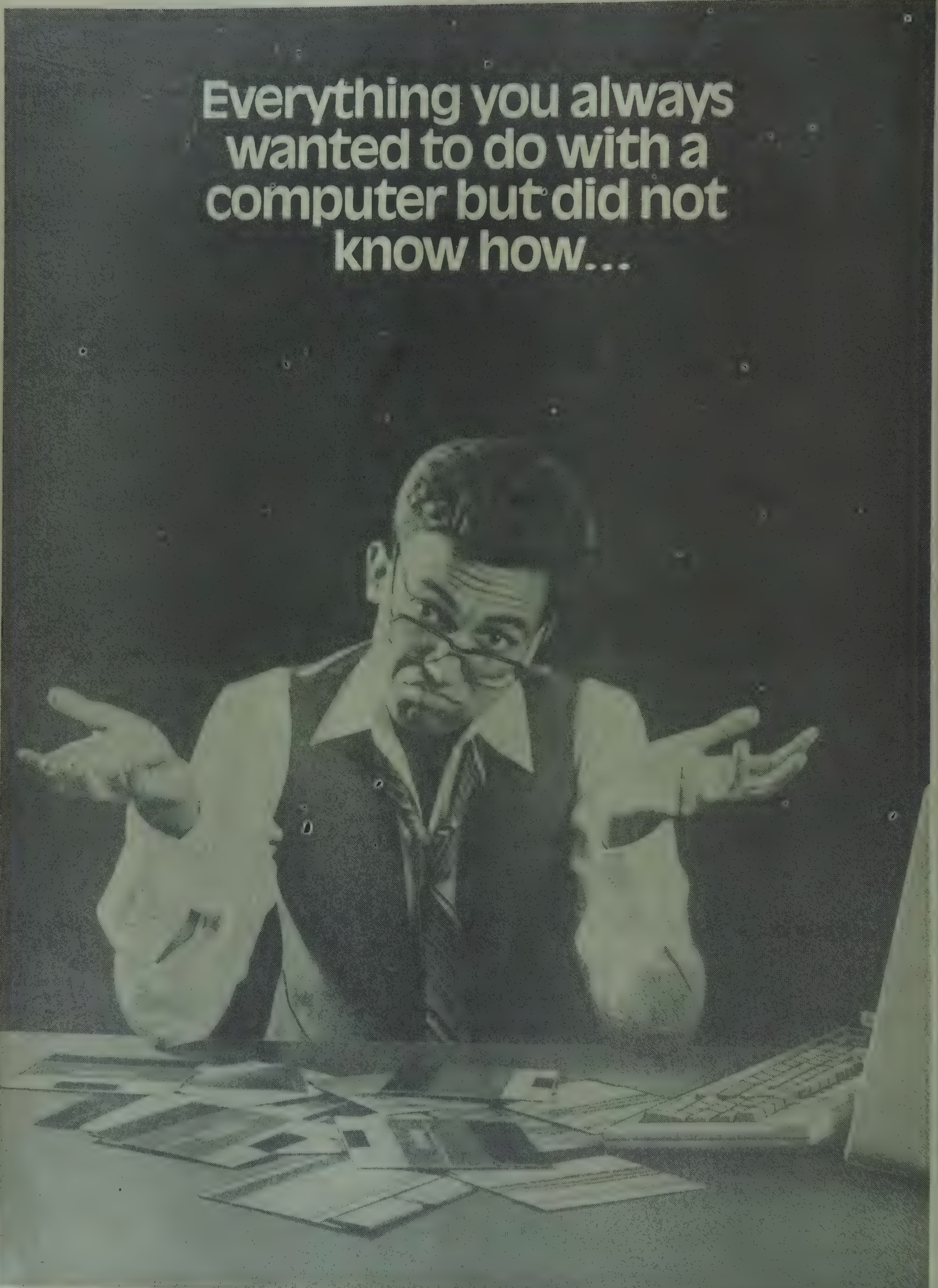
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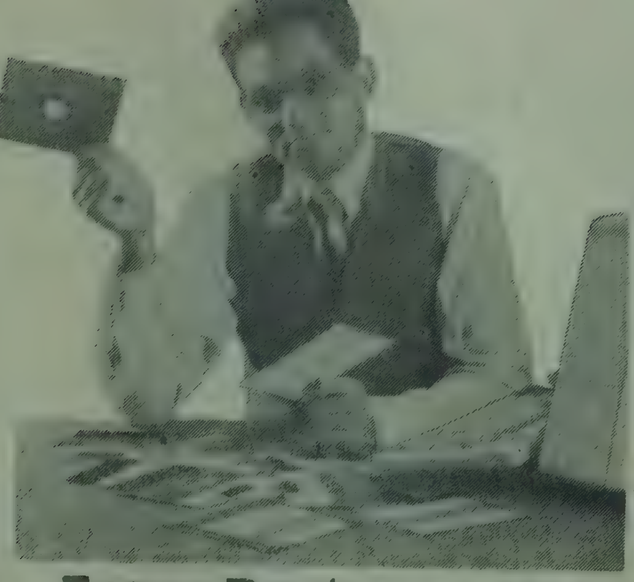

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The soap wars

Fresh from a massive shake-out last year, the Indian toilet soap industry is bracing itself for another round of marketing warfare. But the lessons learnt over the past few years will not be easily forgotten, for they haven't come cheap

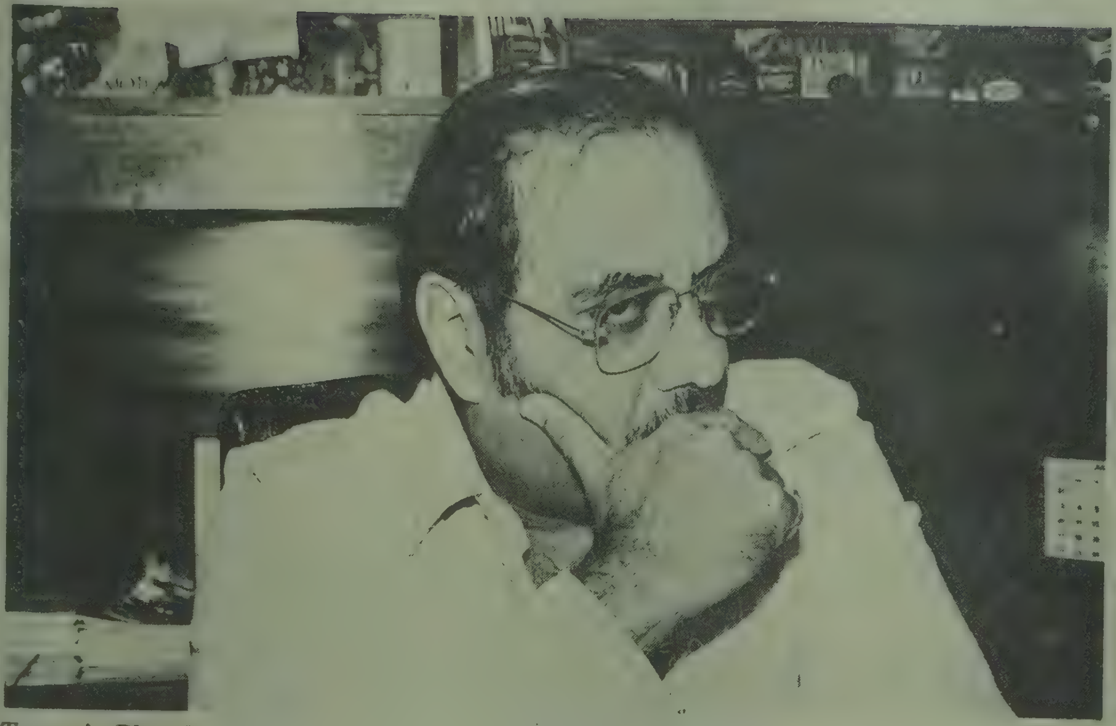
The last four years have probably been the most bountiful in a long time for the country's toilet soaps consumer. While demand in the Rs.675-crore industry has grown at a steady 10 per cent annually, the flirtatious consumer has prompted the entry of fresh players into the market, who have launched scores of new brands, on new appeal and price platforms.

The rash of new entrants has no doubt forced existing manufacturers to aggressively hold on to their stakes with countermoves, but now, a fresh round of marketing warfare is imminent. Looming large on the horizon are Nirma, the Ahmedabad-based detergents monolith, with plans to storm the national market, and Proctor & Gamble (formerly Richardson Hindustan), with its range of internationally successful brands.

The Indian toilet soaps industry has for long been dominated by a handful of companies such as Hindustan Lever Ltd (HLL), the Tata Oil Mills Co Ltd (Tomco), Karnataka Soaps & Detergents Ltd (KSDL) and Godrej Soaps Pvt Ltd. Of the estimated 250,000 tonnes annually produced in the country, HLL has the lion's share of over 70 per cent, followed by Tomco with about 17 per cent. KSDL and Godrej account for about four per cent each. With 25 other manufacturers managing bits and pieces of the remaining five per cent, it is obvious that the market is quite fragmented.

The market is broadly divided into two price segments, with popular soaps (100-150 gm cakes with price tags of up to Rs.4.50) such as Lifebuoy, Lux, Rexona and Hamam cornering nearly 90 per cent of the market; in fact HLL's carbolic soap, Lifebuoy, is easily one of the world's largest selling toilet soap brands. This low-priced, 150 gm soap positioned in the health-care segment has, over the decades, built up the largest consumer franchise in the business, selling in the region of 100,000 tonnes annually. (Carbolic soaps are different from other popular soaps in that they contain carbolic acids such as cresylic acids. They are considered inferior as they have total fatty matter — TFM — or active ingredients of only 60 to 65 per cent, as against the 70 to 80 per cent TFM in non-carbolic toilet soaps.) Premium soaps such as Liril, Cinthol, Margo, Mysore Sandal and Ponds Dreamflower account for the remaining 10 per cent — in value terms,

A delivery conveyor at Godrej: packaging is a very important aspect of marketing



Tomco's Bharda: the public might shift to cheaper alternatives

however, the premium segment notches up a good 25 per cent.

Currently, all eyes are on Gujarat, where Nirma Chemical Works, fresh from its detergents success, has launched its toilet soap in the popular range. In response to the successful performance of the six-month-old Nirma toilet soap in the Gujarat market, HLL and Godrej have launched rival brands. The Nirma soap, which is positioned head-on against HLL's Lux, faces Vigil from Godrej and two other brands from HLL, Breeze and Lifebuoy Personal. HLL's marketing manager (toilet soaps), Utpal Sengupta, while admitting that "Nirma is giving Lux a run for its money in Ahmedabad", did not, however, want to pre-judge the outcome of this three-cornered battle. Market watchers say that Nirma has already managed a 30 per cent share of the state's market.

"We have forced HLL to come out with Breeze and Lifebuoy Personal," says Karsandas Patel, Nirma's chairman and managing director, whose soap is currently being manufactured at a pilot plant at the rate of about 10 tonnes per day (tpd). The company, which is setting up a larger 200 tpd plant at Mandoli in Gujarat's Mehsana district, is convinced that it can find a market, notwithstanding a new 30,000 tonnes per annum (tpa) HLL plant that is coming up in Uttar Pradesh and slated to be operational by 1989. "We are creating a market for ourselves," is the confident refrain of Patel, who doesn't even feel the need to research the market when he can outprice others. "We plan a full-fledged one-year launch to secure a 40 per cent share in the non-carbolic popular soaps market," he adds.

While Patel may sound overconfident, the US multinational's subsidiary Proctor & Gamble (P&G) is keeping mum — in fact, market watchers say that the company is dropping hints that are "deliberately misleading". P&G president Gurcharan Das declined to talk about the toilet soaps market, even in general terms, but it is clear that if their internationally-successful Camay soap is launched in India, it will be backed with promotional punch that others can't ignore. "Camay will be a toilet soap we will have to worry about," says P.B. Bharda Tomco's chief executive, sales and marketing. "If they come out with it in the popular range, it will be positioned directly against Lux, Rexona and Hamam."

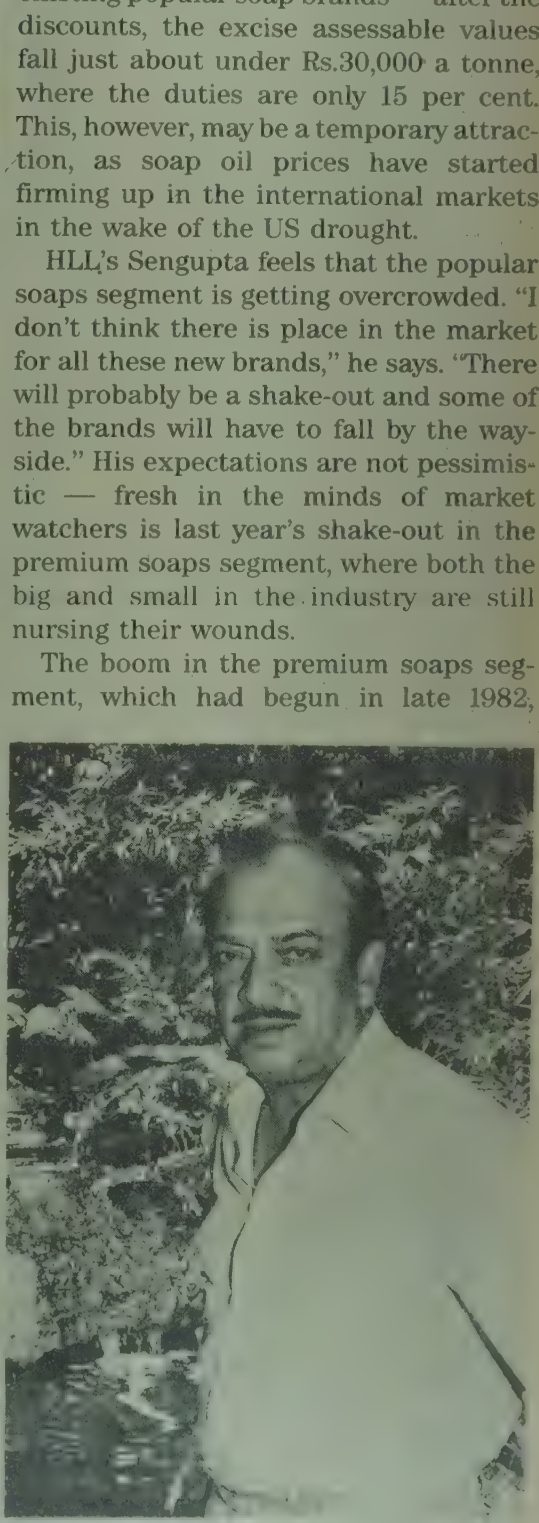
Even as the industry is waiting for Nirma and P&G to make their big splashes, it is currently scurrying around to mop up an emerging market in the popular segment between the non-carbolic and the carbolic ranges — the latter uses cheaper raw materials. HLL's Breeze, Godrej's Vigil, Tomco's Happy, Oswal Agro's Tarun and Nirma are among the new entrants here. With the costs of raw materials, especially soap oils swelling by as much as 70 per cent over the past year, most popular soaps such as Lux and Hamam have assessable values of over Rs.30,000 a tonne, where they attract excise duties of 26.25 per cent. Consequently, manufacturers have had to raise unit prices by 30 to 50 paise on each 100 gm cake, thereby creating a new price segment immediately below that of popular soaps.

"Somehow, we felt that with the type of prices that are prevailing for Hamam, Lux and Rexona, there's a chance that the public might shift to cheaper alternatives," says Bharda, explaining the launch of Happy at Rs.3.25 a cake. "If they do so, naturally, each company feels that they should switch over to a new product that has been brought out by the same company."

Besides launching new soaps in this segment, manufacturers are also offering discounts of up to 50 paise a cake on their existing popular soap brands — after the discounts, the excise assessable values fall just about under Rs.30,000 a tonne, where the duties are only 15 per cent. This, however, may be a temporary attraction, as soap oil prices have started firming up in the international markets in the wake of the US drought.

HLL's Sengupta feels that the popular soaps segment is getting overcrowded. "I don't think there is place in the market for all these new brands," he says. "There will probably be a shake-out and some of the brands will have to fall by the wayside." His expectations are not pessimistic — fresh in the minds of market watchers is last year's shake-out in the premium soaps segment, where both the big and small in the industry are still nursing their wounds.

The boom in the premium soaps segment, which had begun in late 1982,



Godrej's Roy: changes in government attitude and consumer behaviour

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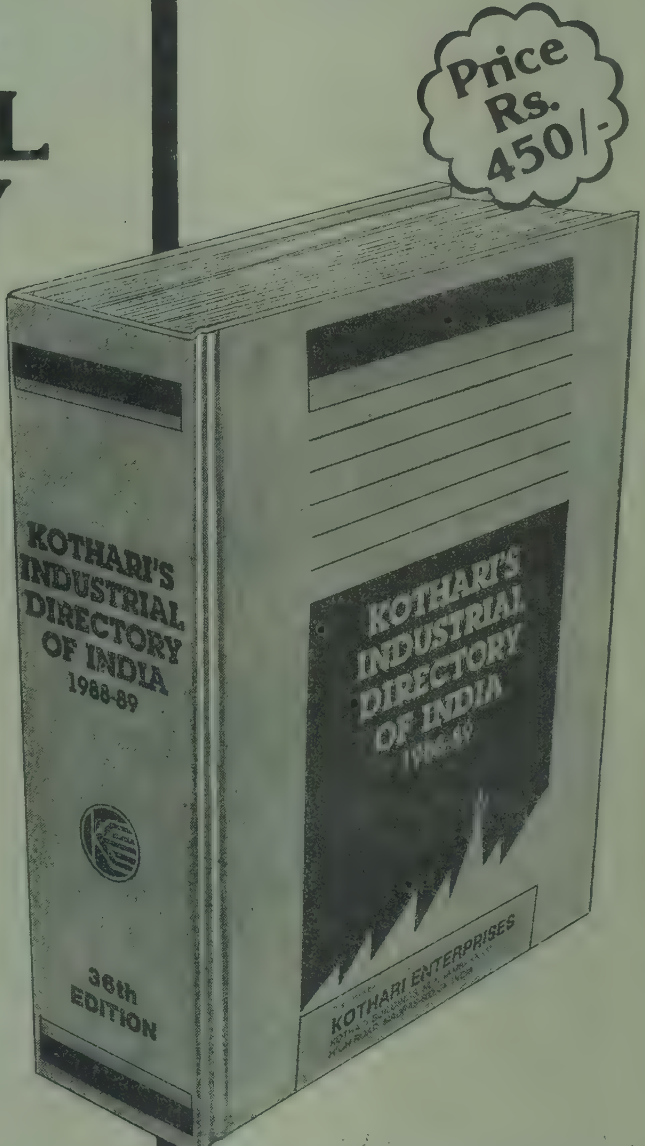

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quickened its pace in 1983. In the 33 months after January 1983, as many as 32 new premium brands were launched — almost one each month. The premium soap user in the country is notoriously disloyal — besides appealing product attributes, marketers need to have sophisticated and effective positioning, intelligent advertising, and a sustained high level of exposure to occupy the top-of-the-mind position. Few of the players could meet such a tall order, and the market saw a shake-out that brought it back to square one, structurally.

The market, however, continues to be fragmented — 13 brands including Liril, New Cinthol, Mysore Sandal, Marvel and Fresca, hold sway over nearly 80 per cent

Box 1

DETERGENTS

Lathery days ahead

Every once in a while, some manufacturer makes a splash in the country's burgeoning washing materials market — the latest being Hindustan Lever (HLL) launching its international Omo brand detergent cake in the test markets of the east. Usually, the forth dies down when the product is placed besides the monolithic Nirma brand, which, at an estimated 550,000 tonnes annually (both cakes and powders), is said to be the world's largest selling consumer product, raking in revenues of over Rs.460 crores.

Fresh forth is being raised over the anticipated entry of the US multinational Proctor & Gamble (P&G) through its Indian arm, into the detergents market in the country. P&G officials in India are tight-lipped, but market watchers say that the company has been negotiating with raw material suppliers, including Reliance Industries Ltd, for the critical linear alkyl benzene (LAB). "Detergents are really low priced in the country," says Eddie Fernandes, general manager, marketing, at the Tata Oil Mills Co Ltd (Tomco). "The million-dollar question is whether P&G is going to enter that type of a market with those kind of (large) volumes and those type of (low) margins. They have not been doing that in any other part of the world."

Tomco, which has for long had a small presence in the detergents market, plans to step up activity by strengthening its existing brands. "The market is clearly shifting to detergents," says P.B. Bharda, Tomco's chief executive, sales and marketing, referring to the worldwide phenomenon of laundry soaps giving way to detergents. In India, the share of detergents in the washing materials market has improved from a mere four per cent in the mid-sixties to nearly 50 per cent now, and is expected to touch 60 per cent by the turn of the century, according to a government-appointed working group on soaps and detergents. "Tomco's growth will necessarily have to come from detergents. Because if the shift comes, you have got to be well-representated in all the segments," adds Bharda.

But the composition of the market reveals that the lower-end of the market, ie, around Rs.9 a kg, forms the largest chunk. In fact, detergent brands in this price segment, mostly from the unorganised sector, including Nirma, account for nearly 90 per cent of the volumes in the market, estimated at 900,000 tonnes annually. HLL, which has about 10 per cent of the market, has been aggressively trying to hold on to its volumes — its market share, however, has slipped considerably from the 38 per cent in the early eighties. Wheel detergent powder, its latest national launch in Nirma's price segment, is said to be doing well, although it is too early to say if it has eaten into Nirma's market.

Although the market is growing at a considerable annual rate of around 24 per cent, it would be difficult for new entrants to make a dent in the market at any end of the spectrum. "Today, entry barriers are high," says A.T.P. Ramani, manager, detergents and advertising, at Godrej Soaps. "Price is the most overwhelming factor. And at a low price, Nirma is well entrenched. They have left no price segment available now. The brand has penetrated across all income, status and education barriers. Because it is not the consumer, but the consumer's servant who is the user." Godrej, which recently launched its Dip brand of detergent powder at Rs.11 a kg, soon realised its folly — the brand is now being eased out.

Detergents: the unorganised rule the market

Production in '000 tonnes

Year	Organised sector	Unorganised sector	% share of unorganised sector
1980	159	50	24
1981	170	70	29
1982	165	140	46
1983	170	200	54
1984	180	280	61
1985	190	350	65
1986	200	410	67
1987*	210	590	74
1988*	220	700	76

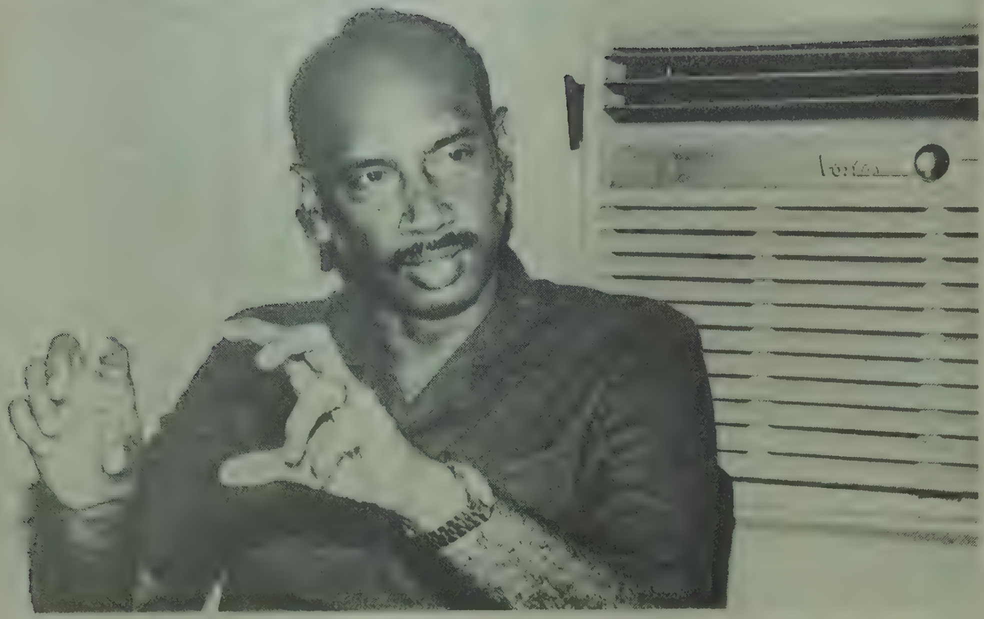
** Estimated*

Source: Annual report of Ministry of Industry.

Meanwhile, there are other changes that are in the offing. A restructuring process in the industry reveals that detergents are likely to be developed and marketed by raw material suppliers, according to observers. And to meet the likely demand of 2.55 million tonnes annually by 2000 A.D., additional capacities of around 1.5 million tonnes are required to be set up in the next 10 to 12 years. This will mean that the principal raw material LAB will also be required in quantities of around 380,000 tonnes. The present installed capacity of 165,000 tonnes, would therefore have to be augmented by fresh investment of about Rs.750 crores at current prices.

Indian Petrochemicals Corporation Ltd (IPCL), Reliance Industries Ltd (RIL) and Tamil Nadu Petroproducts Ltd, the existing manufacturers of LAB, will not have to face any new entrant for at least a couple of years more. Final clearances for the LAB proposals of Nirma Chemical Works and HLL are expected in six months time, while those of Grasim Industries and Straw Products are still under consideration. "We are planning to put the plant in operation within three to four years of receipt of the letter of intent," says Karsandas Patel, chairman of Nirma Chemical Works. After that, Nirma will probably call all the shots that matter in the business.

■ OSCAR BARROS and SHANKAR P.



Tomco's Fernandes: O.K. used the value-for-money message

of the market, while the balance is shared by about 60 other brands. But the shuffle has changed the leader of the pack — by end-1987, Godrej had, with four winning premium brands, overtaken HLL's market shares. Today, Godrej's share of the premium market is around 28 per cent, while that of HLL is in the region of 21 per cent.

Much of the growth in the premium segment was spurred by changes in government attitudes and consumer behaviour, according to Protap Roy, vice-president, consumer products marketing, at Godrej Soaps. "There were external factors such as greater respect within the government for profits, delicensing of soap manufacture, raising of MRTP limits, and the removal of curbs on advertising expenditure," he says. At the consumer's end, there was increasing prosperity in rural areas, the emergence of nuclear families, more working women — which meant dual incomes in the family — greater freedom of expression and the phenomenal reach of television. "The greater freedom of expression, for example," amplifies Roy, "translated itself into individual members of a family patronising different soap brands."

The premium soaps segment saw itself in the thick of activity essentially because of the 'easy come, easy go' proposition it offered new players. There were practically no entry or exit barriers. One did not have to necessarily invest in a soap plant or even have the technology to own a brand — third party manufacturing facilities were available. Companies such as Wipro, Godrej Soaps and KSDL used their spare capacities to manufacture soaps, under contract, for other companies. Godrej, for example, manufactured soaps for Johnson & Johnson, Ponds, and Reckitt & Colman, among others.

The main attraction offered by premium soaps was the high margin, afforded by higher unit prices, unlike popular soaps. Premium soap users, being less brand loyal than popular soap users, offered marketers a better chance to snatch shares from each other. Further, these users are by and large confined to urban clusters, allowing for intensive marketing. In other words, the new entrants saw opportunities to secure well-defined niches, with cost-effective promotion, and make profits without having to achieve large volumes.

At low volume requirements and low risk levels, premium soaps also offered many companies an easy springboard to the booming consumer products market. Few products other than soaps can ensure that corporate entities become household names — companies such as Wipro, Reckitt & Colman, Eskayef, Burroughs Wellcome and Nicholas Laboratories may have been suitably inspired by such attractions. The free use of international brand names was an added incentive for the multinationals in the fray — Caress, Clearasil, Ponds and Palmolive are all foreign brand names.

While there isn't that much of a difference in content between a popular and a premium soap, it is the combination of various additives that lends each premium brand a different appeal. Launching a brand into a market that sports appeals ranging from freshness and lime to beauty and complexion care, must call for a careful blend of perfume, lathering agents, packaging and promotion.

Sengupta feels that some of the new entrants may have been attracted to slots that were vacated by HLL. "There were shortages of some of the premium soaps, including Liril," he says. "And around that time we had also phased out Lux Supreme and Supreme. So, there was this vacuum in the market, both in terms of availability and appeal."

Godrej, which has made the maximum gains in the four-year battle of the brands in the premium segment, has nearly tripled its market share with four brands. The launch of New Cinthol was probably the most adventurous for the company. The old Cinthol, a 35-year-old product, had a respectable share of about 9 per cent for about two decades, but it was showing signs of stagnation, with an increasingly middle-class and male franchise. It was withdrawn for six months to make way for New Cinthol, launched with an enlarged positioning to envelope freshness in addition to deodarance. New Cinthol managed to rake in a 9.4 per cent share, while that of the old brand fell from 9.8 per cent to 4.8 per cent. At the end of the day, Godrej had hiked its overall presence in the Cinthol category from 9.6 per cent to 14.2 per cent.

In December 1985, Godrej launched Marvel, with creamy leather and a strong perfume note — this brand went on to achieve a respectable share of over three per cent. Crowning Glory, the next launch from the company, however, did not live up to expectations. Launched as a hair care soap that would be acceptable for the body as well, the product incorporated alpha olefin sulphonate (AOS), a hard water resistant ingredient that allows high solubility. "We had set our sights on the hair care soap market which was predominantly held by Swastik's Shikakai," says Roy. "But we came across certain traditional barriers. People who use shampoo for their hair possibly feel that it is bringing down his or her standard if they go back to soap."

If Crowning Glory dampened the spirits at Godrej, Fresca, the next launch gave them back the bounce. Cleverly positioned between the popular and the premium segments, Fresca was priced like a popular soap but promoted and packaged like a premium soap. Designed "to skim the top of the popular market and the bottom of the premium market", this brand notched up a 13 per cent share in Andhra Pradesh while being test marketed in October 1986. By April 1987, Godrej was emboldened to launch the

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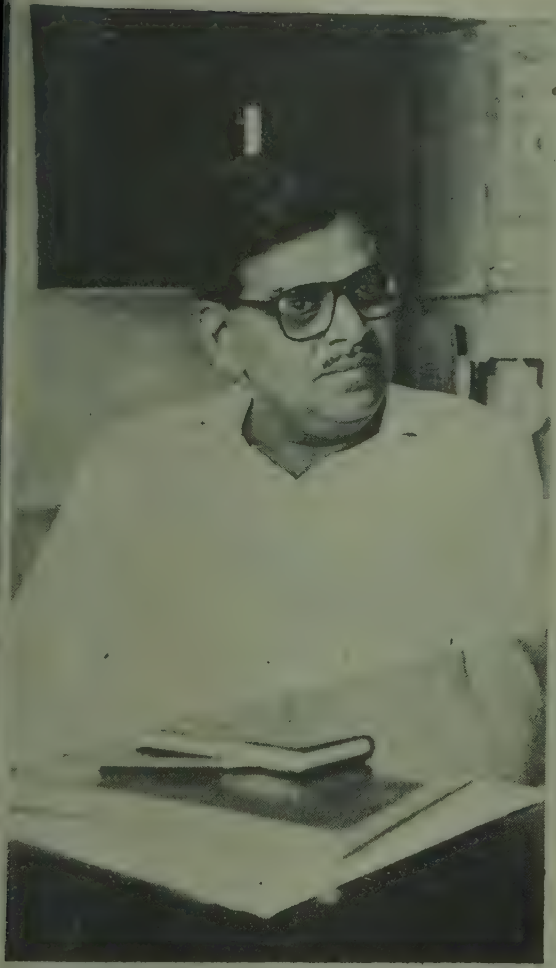

Wipro's Pai: Santoor a success, and Shikakai a coup

brand nationally, and by August that year, it had cornered an 11 per cent share.

Hindustan Lever, on the other hand, did precious little to put up a matching performance in the premium segment during the boom period. Between end-1984 and end-1986, the company did not launch a single new soap. In fact, it withdrew Lux Supreme, one of its leading premium brands. "Traditionally, not only in India but internationally, Lux as a brand name has been promoted as one that is used by film stars," says Sengupta. "Now, we had Lux Supreme, with its own beauty cream. As a consumer, I can turn around and ask which is the Lux that is used by the film stars. Because logically, the film star in India, who is everything that glamour possibly can be, must be using the more expensive Lux Supreme. So we saw in the existence of Lux Supreme, a dichotomy vis-a-vis Lux as a brand name... that was dangerous in the long term."

Lux Supreme's reincarnation, Supreme, also could not stay on. Then came Caress from HLL, launched in end-1986 in Bombay, Pune and Goa. But the product never went beyond its test marketing stage. "We found that at the kind of prices that we would have had to charge for Caress (following increases in input costs), it would not get the kind of market share that we needed to have a sustainable profitable brand," says Sengupta. Now, the company has introduced Lux International in the premium category — priced lower than other premium soaps, it is currently being test marketed in Madras. Incidentally, south India constitutes the largest premium soaps market in the country.

While HLL's role in the boom was minimal, Tomco was virtually out of the fray. "We didn't make any kind of special foray in the premium soaps segment for the simple reason that Tomco had certain goals cut out for itself," says Bharda. "We wanted to totally rationalise our operations from within, and give existing products such as Hamam a fresh look. For us, a premium toilet soap, important as it may be, would still be secondary to the margins you make on a fast-turnover item such as Hamam."

While Tomco gave Hamam a new look, it also made its umpteenth bid to grab shares from HLL's monolithic Lifebuoy. O.K. bath soap, which was Tomco's offering on the carbolic segment, was, unlike previous attempts, not positioned head-on against Lifebuoy. "Tomco had tried several times to enter the market against Lifebuoy (with brands such as Sentry, Nahan and Cresil, among others), but we were never able to make much of a headway," says Eddie Fernandes, Tomco's general manager, marketing. "And when we look back at those brands, perhaps they were me-too brands to Lifebuoy, which enjoyed a very strong brand loyalty." This time, for O.K., the company went into the gamut of market research to evolve product concepts, product formulation and testing, over a year's time, before the launch. Having found that consumers preferred a floral perfume, and the cosmetic pink colour to red without wanting to pay more, Tomco used value-for-money as the positioning platform for O.K., as against Lifebuoy's health care image.

Tomco, worked its path carefully this time, launching O.K. in both the red and pink colours. "The advertising campaign for both the soaps was the same, and we let the consumer choose between the two," says Fernandes, who masterminded the campaign. "Over a period of time, as was to be expected, people moved from the familiar to the familiar, so they went from Lifebuoy to the red O.K., then to the pink O.K. The red was the route to the pink, and, as market research shows, pink represents an upgradation."

Tomco did launch a premium soap, Raindrop, which did not take off. Positioned as a complexion care soap and offered in two varieties — almond and spice — it is said to have run into technical problems. A senior executive of the company revealed that two batches of the soap did not lather at all, due to some technical failure. "That was enough to spoil the market for us," he says.

Brands such as Montage from Burroughs Wellcome, Cleartone from Nicholas Laboratories, Superfresh from Eskayef and Wave from KSDL also did not take off. Others which met a similar fate include Lakme, Aramusk, 24 Carat, Freedom, Joise, Thrill, Tiara, Dabur, and some of the Ponds' brands. Among those that stuck on, besides Godrej, are Wipro, Col-

Box 2

The making of a soap

The manufacture of toilet soaps involves four stages from the blending of various ingredients to packaging for deliveries.

Suponification is the first stage, where various fatty acids, including coconut oil, are neutralised by caustic soda in a soap kettle, to produce the basic, or neat, soap. The proportions of the various ingredients are closely-guarded secrets, and the variations in them lend each soap brand its distinct identity.

The basic soap is then cooled and concentrated, in stage two, where the moisture content is brought down from about 30 to 10 per cent. This dry soap is produced by spraying the neat soap in a vacuum chamber, where it is cooled and concentrated.

Finishing of the soap constitutes stage three, where the special properties that finally make each soap brand different from others, are incorporated. These include perfumes, colours, and other additives such as chemicals and preservatives.

The soap, after finishing, is now ready for stamping and packaging. The stamping process, where the soap is given its shape, is done in refrigerated machines, where the temperatures can be as low as −25°C. The soaps then move on to the packaging lines, where automatic machines roll out the final product.

■ SHANKAR P

gate-Palmolive and Nicholas Laboratories.

Wipro's Santoor soap was positioned with the same philosophy that Fresca had — the premium appeal of sandal and turmeric in a soap priced in the popular range. "Santoor is one of our success stories," says P.S. Pai, president of Wipro Consumer Products. But Wipro Shikakai represents a coup — launched in late 1986 when the market leader Swastik Shikakai was off the shelves due to some labour problems at the company, it had the market almost to itself for a good eight months before the Swastik brand reappeared. Today, claims Pai, it sells more than Swastik Shikakai.

The case of Ponds' brands — five of them — is not easily explained. Launched in 1984-85, these secured for the company a collective presence of 7.8 per cent in the all-India premium soaps market, by December 1986. By December 1987, however, this fell to 4.5 per cent. Even in the south, which is Ponds' home ground, the company's shares fell from 8.7 per cent in December 1986 to 4.2 per cent a year later. "Basically, soaps were not one of our major thrust areas," says a senior executive at the company. "We wanted to create a niche for ourselves, which we have done. We have certainly met our launch yardsticks."

Coloured and perfumed soap bars: stage three

To be sure, any brand has to be able to cover its promotional costs as well, which are quite heavy. Although nobody is talking in terms of figures, toilet soap manufacturers are loosening their advertising purse strings like never before. Hindustan Lever, for one, is rumoured to have doubled the outlay for advertising in the current year. "The noise level is very high in the toilet soaps market," says Godrej's Roy. "You have to shout louder than the others to attract the attention of the consumer." "The fixed costs are heavy in terms of nationally supporting a brand on television and other media," says HLL's Sengupta. "Unless you have about 6 to 7 per cent market share, you don't really make much money. If you are happy to be regional, then your support costs are much lower. Obviously most of the companies which came into the (premium) market did not want to be regional operators. As a result, most of these brands are either withdrawn completely from the market, or kept at a very low level, without much support. So, even if a brand sells 300 to 1,000 tonnes on the basis of its old franchise, the companies are getting a certain amount of money from it." To succeed, it is not just important to identify a new positioning platform or find place in an existing segment. The segment should be large enough to offer the volumes that are necessary to sustain a high level of promotional expenditure over a period of time until the brand entrenches itself in the marketplace.

Wangling sponsorships of prized television serials constitutes one of the skills in the business. Godrej and HLL, two of the more visible advertisers on national television, have often vied with one another here — while HLL had the chart-topping *Khandaan* about a year ago, Godrej was eyeball-to-eyeball with *Buniyaad* and *Rajani*. The next blockbuster for Godrej is Mahabharata, which is likely to do at least as well as the serial *Ramayan*.

"With television, the cost per reach is cheap," says A.T.P. Ramani, Godrej's manager, advertising and detergents. "And by the end of 2000 AD, when the government plans to have a network of 400 low powered transmitters hooked on to national television, it could become the cheapest medium." Ramani's game plan for using TV also takes care of viewership by toilet soap dealers and distributors, which is why it occasionally guns for the Sunday morning slot; during the 9 pm prime time slot each evening, dealers and distributors are most likely still in their shops. "If the trade thinks that your advertisement is good and is convinced of your proposition, you have automatically got them on your side," explains Ramani.

For all the planning that soap marketers may go into to ensure a place in the market, the consumer is more often than not an impulsive buyer. "Soaps are products in the purchase of which the housewife spends little time or effort," says Fernandes of Tomco. "The marketing challenge for the company is to combine the skills of technology and marketing to evolve brands that will be perceived by the consumer as different and better from what they are already using." Which, as he observes, "is easier said than done" in a crowded marketplace, where one has to shout to be heard.

■ SHANKAR

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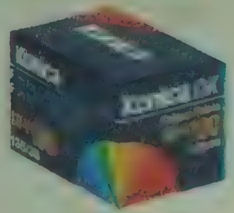

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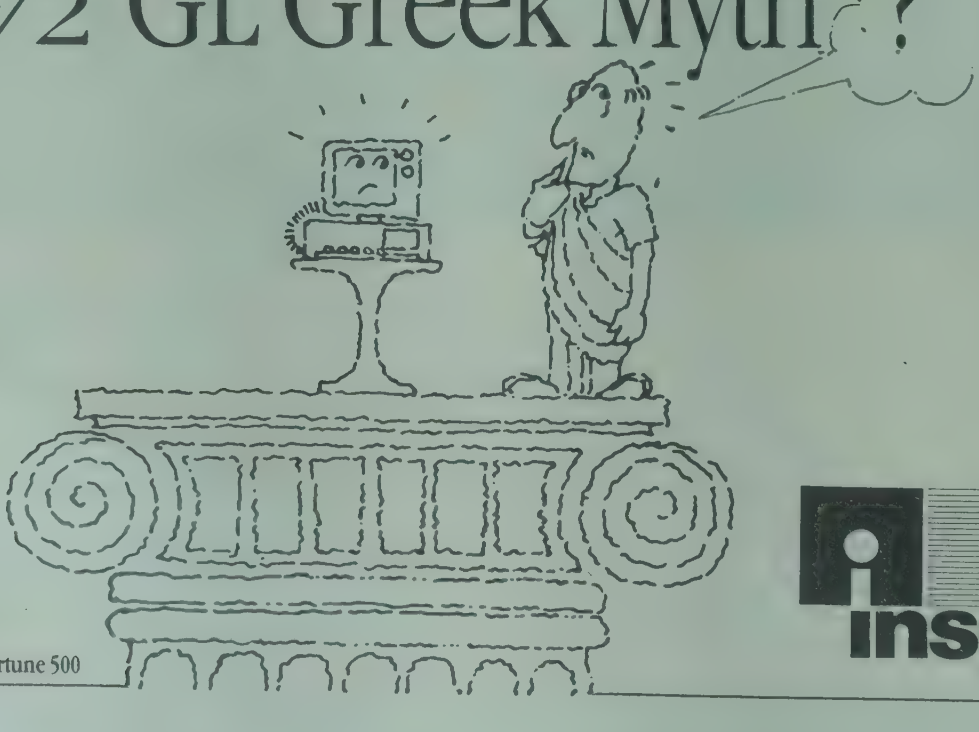

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NAGARJUNA GROUP

Testing times ahead

The Hyderabad-based Nagarjuna group has finally received approval for its prestigious Rs.650-crore fertiliser project. This is the largest joint-sector venture in Andhra Pradesh. However, the group is having a bumpy financial ride as several of its companies are performing poorly. The fertiliser project, therefore, is a test of the group's abilities

Seventeen years after it was originally proposed, the Rs.650-crore Nagarjuna Fertilisers project is close to becoming a reality. In the first week of May the Hyderabad-based Nagarjuna group, which is implementing the project, received approval from the financial institutions to go ahead. The first tranche of funds has already been released. Zero date was set at 4 May 1988 and the project is expected to be ready for commissioning 35 months from that date. Says K.V.K. Raju, 59, chairman of the group which has interests in steel, steel strappings, coated tubes and leasing, and reported total sales of around Rs.70 crores last year: "The long wait is over. It's 'all systems go' as far as we are concerned."

For the state of Andhra Pradesh, the fertiliser project promises to bring in several spin-off benefits. Nagarjuna will be not only the state's largest joint-sector project but also its first major fertiliser unit, with a capacity of 950 tpd of ammonia and 1,350 tpd of urea. (Both Coromandel and Godavari Fertilisers are making phosphatics but have small-capacities.) The plant is ideally located at Kakinada, in the heart of the state's fertile coastal region.

The location is significant for other reasons too — 24 km offshore the ONGC has made promising discoveries of natural gas. The centre is contemplating a southern gas grid a la HBJ, and the AP government is talking about setting up a gas-based power plant and several mini-fertiliser units. All these plans are still on the drawing board; the early commissioning of Nagarjuna is a pre-requisite.

Few projects in recent years have been as controversial as Nagarjuna Fertilisers. In early 1985 Chief Minister N.T. Rama Rao created a flutter when he awarded the long-dormant project to the Nagarjuna group, bypassing reputed contenders like Larsen & Toubro, ACC, K.K. Birla and even the Galadhari brothers. Rao clearly believed in the "sons of the soil" policy and wanted a local entrepreneur to implement the project. So during the final bidding only "locals" were asked to submit proposals and the Rajus of Nagarjuna walked away with the Rs.650-crore project. The decision was not well received. Critics uncharitably pointed out that the group had little expertise in executing large projects. The argument was that with a turnover of a mere Rs.70 crores the group was over-stretching itself with a Rs.650-crore project. Moreover, most of the group companies were functioning poorly (they still are) and the Rajus' abilities to raise the Rs.65 crores needed as promoter's contribution were in question.

N.T. Rama Rao with Duilio Greppi, chairman, Snam Progetti and K.V.K. Raju: all smiles

This was perhaps confirmed after well-publicised tax raids in March 1986 on the offices of the Nagarjuna group and Computrade, the share registry division of JM Financial and Investment Consultancy Services. It was then alleged that Nagarjuna Fertilisers had raised a stunning Rs.25 crores in private placement as part of the promoter's contribution. Further, an unofficial premium was charged, which was ploughed back to the promoters, IT authorities alleged. According to Raju, the IT authorities have, after two years of investigations, cleared the Nagarjuna group of all charges. The impounded share certificates have been returned and have already been despatched to "genuine shareholders," he says.

There are important issues involved here on the financing of large projects. While it is easy for a Dhirubhai Ambani to finance a Rs.700-crore petro chemical project entirely from the capital market the same is not true of Nagarjuna. But should this factor prevent them from embarking on large projects? The Rajus (like Ambani, as they emphasise) are first generation entrepreneurs. In the mid-seventies K.V.K. Raju chucked up a comfortable job as assistant works manager of Union Carbide's battery division to start off on his own. With him were two middle level executives of Union Carbide and Bharat Steel Tubes, Nrupender Rao and E. Ananda Rao. The project they set up was Nagarjuna Steels Ltd, a small cold rolling mill located on the outskirts of Hyderabad. Within a year of commencing commercial production in 1977 the company generated enough cash to repay its loans to the state financial institutions. This gave Raju and his associates the confidence to venture into new areas. Says Nrupender Rao, "We were familiar with the steel business and only wanted to diversify within it. Two downstream units were planned using NSL as a mother unit."

The first unit was Nagarjuna Signode, a Rs.9-crore project set up in collaboration with Signode Corporation, USA. The com-

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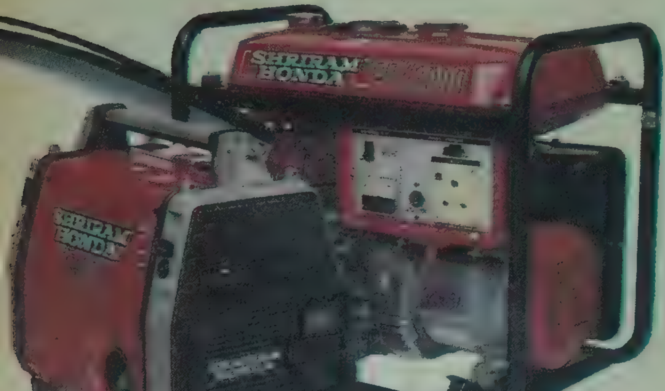

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The Nagarjuna group: a financial profile

(Rs crores)

Company	Activity/Product	Sales	Net profit/ (loss)	Current share price (Rs)
NAGARJUNA STEELS	COLD-ROLLING	43.28	1.35	9.50
NAGARJUNA SIGNODE	STEEL STRAPPINGS	10.35	(1.05)	7.00
NAGARJUNA COATED TUBES	STEEL TUBES	4.98	(7.08)	6.00
NAGARJUNA FINANCE	LEASING	8.78	1.34	12.00
NAGARJUNA INVESTMENT TRUST	PORTFOLIO INVESTMENT, LEASING	1.84	1.04	5.25
TOTAL		69.23		

pany had an installed capacity of 12,000 tpa of steel strappings which are extensively used in industrial packaging. Nagarjuna Steels invested 28 per cent in the new project's equity, Signode Corporation USA chipped in with 11 per cent and as the "promoter director" N. Rao's stake was 11 per cent. Rao who had been general manager of Nagarjuna Steels became head of the new project. The company's public issue in 1982 was oversubscribed three times.

The second project was Nagarjuna Coated Tubes in which Ananda Rao was promoter-director. The company has a collaboration with Allied Tubes of USA, world leaders in flo-coated tube technology. NCT's 18,000-tpa project cost Rs.12 crores and besides Nagarjuna Steels (15 per cent), those that participated in the company's equity were Ananda Rao (15 per cent), Allied Tube (15 per cent) and the World Bank affiliate, International Finance Corporation (10 per cent). The company's public issue in 1982 was also oversubscribed three times.

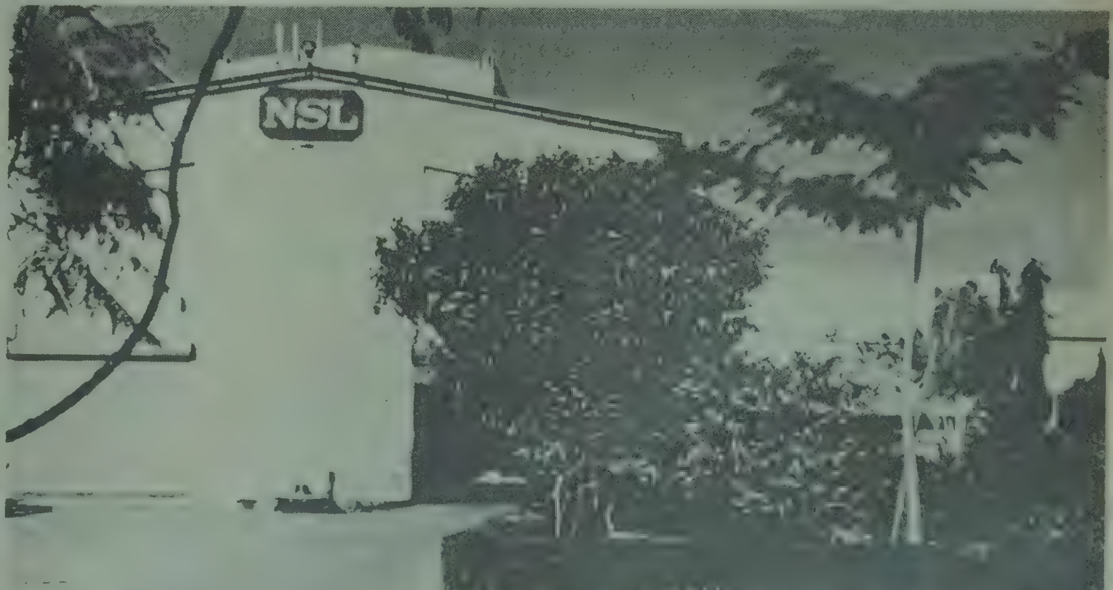
Around the time Raju was feverishly planning diversification a middle level manager of Andhra Cement, M.B. Raju (no relation of K.V.K. Raju) wanted to set up a small cement unit. The two Rajus teamed up to promote Deccan Cements Limited (DCL), the country's first mini-cement unit. The Rs.9.5-crore, 66,000-tpa unit had Nagarjuna Construction (a private company owned by K.V.K. Raju), M.B. Raju, and the Andhra Pradesh Industrial Development Corporation (APIDC) participating, each with 15 per cent of the equity. DCL today is officially out of the Nagarjuna group and is itself embarking on a Rs.128- crore PFY project at union minister P.V. Narasimha Rao's constituency at Ramtek, Maharashtra.

AfterDCL, Raju's zest for promoting new ventures continued. First came Nagarjuna Finance (a hire purchase and leasing company) and then Nagarjuna Investment Trust (which was originally conceived as a closed end mutual fund but has since also moved into leasing).

Thus, in a short span of four years, between 1981 and 1985 the Nagarjuna group promoted five companies with a total investment of around Rs.32 crores. Not a large sum by any standards but it signalled that a new group of technocrat-entrepreneurs had arrived. Explains Raju, "I wanted to encourage professional managers to become successful entrepreneurs. Our emphasis was on team initiative and efforts." Investor response to all the Nagarjuna issues was overwhelming and the group was often cited as proof that Indian business was changing dramatically. Says N.C.B. Nath, a management consultant who has been associated with the group since its inception: "Can a successful manager be an equally successful entrepreneur? The entire issue revolves around this." (The growth of entrepreneurship in the late seventies was most dramatic in Andhra Pradesh and both the state industrial development and finance corporations stood out, albeit briefly, as "models" for similar institutions in other states.)

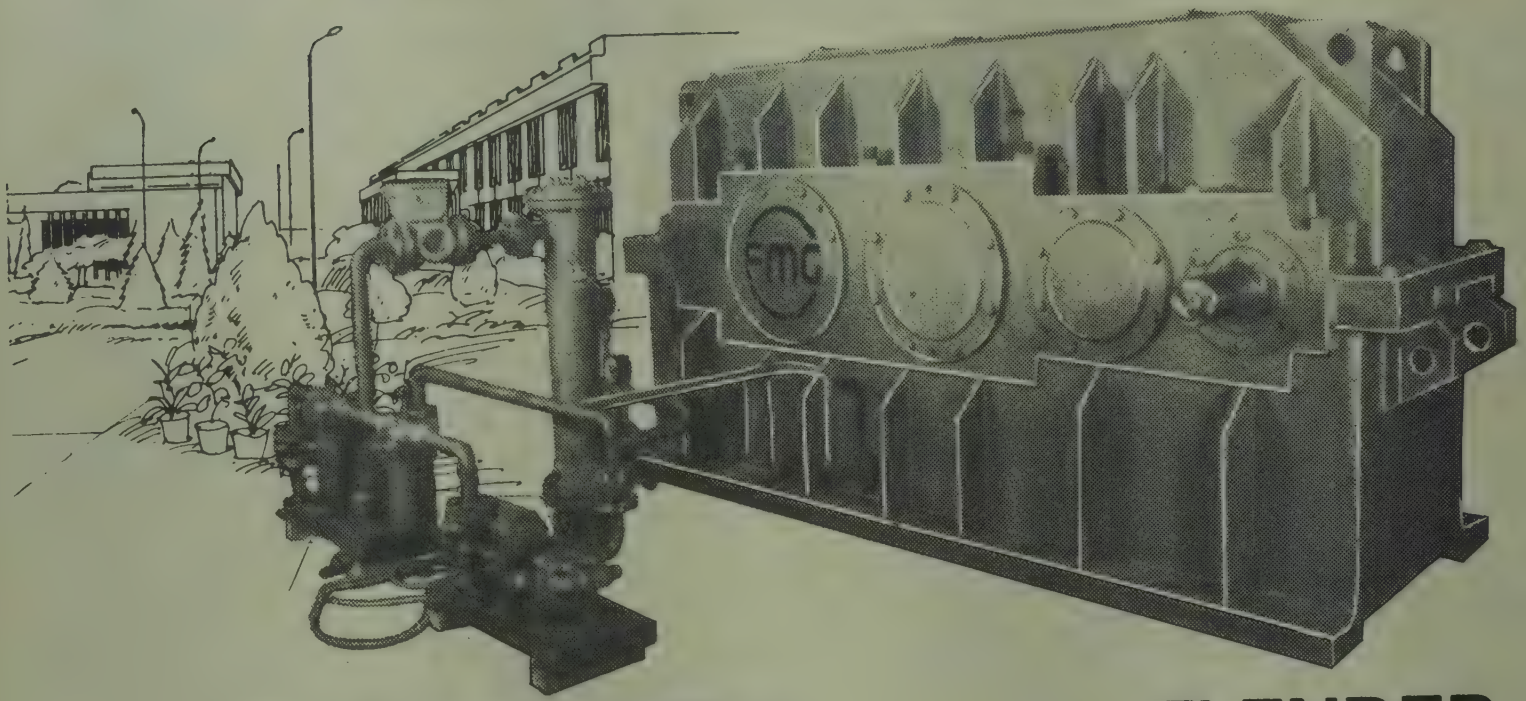
But several things went wrong with the new ventures promoted by the Nagarjuna group — cost escalations, production problems, customer resistance etc. So a group which had projected total sales of Rs.200 crores by 1989 has limped along to touch Rs.75 crores. Profits too have not been remarkable. What are the principal factors that contributed to this lacklustre performance? Is the group overextending itself by embarking on an ambitious Rs.650-crore fertiliser project?

Nagarjuna Signode and Nagarjuna Coated Tubes stand out as interesting examples of how seemingly well-timed and well-executed diversification plans can go awry. The product that Signode was introducing into the Indian market was superior grade steel strappings used extensively abroad for packing hot rolled coils, timber, picture tubes, pipes etc. Nagarjuna Signode wanted to capture the Indian market for such applications. It set up a spanking new 12,000 tpa plant with a built-in additional capacity of 2,000 tpa. The integrated steel plants were identified by the company as a major customer segment. They would use Signode's product for strapping hot rolled steel coils, replacing the crude packing technology used until then. Anticipated demand: 2,500 tpa. Exports



Nagarjuna Steels: the flagship company faces stiff competition

Gearing-up
Today's Industry



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were another major possibility. But according to Nrupender Rao, managing director, they had not budgeted for a lengthy gestation period. "We did not realise that it takes time to successfully introduce new applications. Initially there was tremendous customer resistance and even today customers do not want to pay a high price for packaging. Thus the overall size of the market we were left with was too narrow." Rao also feels, in retrospect, that the company should have initially established a smaller capacity plant and perhaps even restricted itself to acting as marketing agents for Signode Corporation. "Seed marketing would have helped," he says.

At the end of 1985 the company's prospects appeared bleak and its share price went below par. A "survival strategy" was needed, says S. Bhattacharya, president. "The prices were unremunerative, the company's product mix needed to be changed and there was tremendous flab in the organisation. We dropped segments like cotton and jute packing, de-emphasised exports and placed our products where they would be easily accepted".

The net result has been encouraging; after five years of effort all the integrated steel plants are today the company's customers. Strappings for television tubes and polyester yarn is another major growth segment. Thus, from sales of Rs.4 crores in 1984 Signode expects to close the current year with Rs.20 crores. And significantly, according to Bhattacharya, the company's credit rating among financial institutions which was once at "not very respectable" levels, has since improved. It has been a long haul; accumulated losses stand at Rs.2 crores and a maiden dividend will probably be declared only in 1991.

Nagarjuna Coated Tubes has not been so lucky. When it started commercial production in 1982 the initial problem was technology absorption. The sophisticated flo-coated tube technology provided by Allied Tube was simply not working. And, like Nagarjuna Signode, the company realised that the market had to be extensively developed and that customers were not willing to pay a high price. Insiders say that the management was not of a high calibre and that the staff turnover rate touched alarming proportions. Says Tapan Bose, who joined the company in late 1985 as president, "It took us a much longer time to absorb technology. That contributed to a 12-month delay. And as we failed to deliver a good product our price realisation fell sharply." The company today has accumulated losses of Rs.8 crores and a fresh financial package from ICICI has been approved recently.

Bose is confident that given the dramatic changes in the company's marketing strategy NCT will soon be back on the rails. What does the strategy involve? NCT has pulled out of what Bose calls its engineering product segment because it was "widely dispersed and haphazard". Instead it is concentrating today on structurals and electrical tubing, both of which have been received well in the market. NCT executed the structurals for the Salt Lake stadium in Calcutta at a cost of Rs.3 crores. This was swiftly followed by orders from similar stadiums in Cuttack and Lucknow. For the year ended 31 March 1988 the company posted sales of Rs.9.5 crores, up from Rs.4.98 crores. But loan funds have ballooned to Rs.20 crores and there are no signs of an early revival. Unlike Bhattacharya, Bose is cautious about committing himself to a dividend date.

According to Nath, both Nagarjuna Signode and Nagarjuna Coated Tubes underestimated the time required for market development. "The assumption was that companies would buy new products if they were convinced about their utility. Questions on pricing and technology absorption in the market place never entered the picture." In striking contrast the group's flagship company Nagarjuna Steels (1988 sales: Rs.48 crores) is stuck in what is clearly a low-margin, highly competitive segment of the steel industry. Three years ago NSL expanded its cold rolling capacity from 12,000 tpa to 37,000 tpa. An acute raw material shortage and power cuts have substantially lowered its profitability. Company officials acknowledge that cold rolling has become a "mature industry" and that NSL has to venture into new areas to boost its cash generation. A small cold forming mill (in collaboration with Voest Alpine of Austria) has been in production since 1986 and NSL hopes to expand capacity gradually.

At this stage the only group company with a healthy bottom line is Nagarjuna Finance. Reputed to have some of the

All the Nagarjuna men

The Nagarjuna group's major achievements are not to be found in its balance sheet. All the group companies with the honourable exception of Nagarjuna Finance have had a bumpy financial ride. However, K.V.K. Raju and his group can justifiably take credit for attracting good managers and then creating an atmosphere conducive for them to turn into entrepreneurs. At last count over 26 managers of various Nagarjuna group companies had started manufacturing or consultancy firms with project costs ranging from Rs.30 lakhs to Rs.8 crores.

According to N.C.B. Nath the "Nagarjuna phenomenon" has few parallels in Indian industry. "It's a very practical 'entrepreneurship development institute'. The Rajus cannot be accused of being parochial. There is a cosmopolitan culture in the group and family ties with the Rajus are not important." However, two group companies are headed by K.V.K. Raju's relatives — Nagarjuna Finance (son K.S. Raju is managing director) and Nagarjuna Investment Trust (son-in-law K.V. Raju is full-time director). All other group companies have been promoted, with the assistance of Nagarjuna Steels, by managers who worked under Raju. Examples are Hitek Industries (promoted by P.P. Verma who was chief executive of Nagarjuna Steels), B&A Sacks (promoted by Suman Ghosh who was general manager of the same company), and Avantikopp (promoted by V.M. Chowdhary who was personnel manager).

But how many of these executives started off on their own as a consequence of their stint in Nagarjuna? As one of them explains: "At one stage both the managers I was reporting to left to start companies of their own. This inevitably rubs off on you. And support from the group for these ventures is always forthcoming. Sometimes even at the cost of creating staffing problems in the group." According to Raju, encouraging successful managers to become entrepreneurs is his "mission" and the group has consistently been able to attract good talent. Observers, however, question Raju's "entrepreneurship model". They feel that despite having the best managers, all the group companies continue to function poorly.

finest talent in the leasing industry, NFL has followed a conservative and steady path in an industry widely regarded as being reckless. Its relatively small equity base also makes it easier to service investors, and NFL pays the highest dividend in the group. Its "sister" company Nagarjuna Investment Trust, which started off as a closed end mutual fund (with a large equity base of Rs.4 crores), is also in the leasing business.

NFL will be investing Rs.5 crores in the equity of Nagarjuna Fertilisers; the othergroup companies are clearly in no position to make a contribution. Deccan Cements has ambitious plans of its own. Though DCL until recently was advertised as being part of the Nagarjuna group, M.B. Raju categorically states that he was never an active player. Observers in Hyderabad feel that with the exception of NSL and NFL (which are completely owned by K.V.K. Raju) the lines of control in the other companies are not clear.

It is K.V.K. Raju and his son K.S. Raju who are promoting Nagarjuna Fertilisers and since early 1985 their task has been anything but easy. Critics doubt whether the group has the ability to raise the necessary resources and the competence to thereafter manage a complex fertiliser project. "Raising cash," as K.S. Raju readily admits, "has been a nightmare." The Rs.650-crore project will have an equity base of Rs.127 crores, of which the promoters' contribution was expected to be Rs.67 crores. The AP government's contribution to the joint sector venture is Rs.19.5 crores. Given their acute lack of financial resources the promoters have had to tap every possible source for funds.

In June 1985 a private placement issue was floated not only to existing shareholders, friends, relatives and associates but also to the general public. The stockmarkets at that stage were booming and in a short span of two months Rs.20 crores was collected from group shareholders and the general public. There was a delay in issuing share certificates and the subsequent tax raids threw the issue handling mechanism out of gear. The seized share certificates were returned only early this year and investors have had to wait three years for allotment.

Nagarjuna Fertilisers expects to go into commercial production in mid-1992 and can possibly pay a dividend in 1994. So, is it fair to keep investors waiting nine years to get a decent return on their money? The company maintains that the tax raids threw the implementation schedule behind by two years; files in New Delhi just did not move, pending clearance from the tax authorities. But there is a parallel here with Tata Fertilisers whose gas-based fertiliser plant along the HBJ pipeline has also been delayed. Tata Fertilisers raised Rs.73 crores through private placement and recently paid a 10 per cent dividend. Observers feel that Nagarjuna should be paying a small dividend, at least as a token gesture to investors. The company already markets fertilisers and expects revenues of Rs.35 crores this year. But the Rs.20 crores that the company has raised through private placement is barely adequate to fund its equity.

Enter Snam Progetti who are the project consultants not only to Nagarjuna Fertilisers but to all the other gas-based fertiliser units. After months of persuasion the Italian company has decided to invest Rs.13 crores in the equity of Nagarjuna Fertilisers; the first time it has made an investment anywhere in the world. Snam's fees from the project are placed at Rs.38 crores. In its quest for funds Nagarjuna Fertilisers approached the Commonwealth Development Corporation (CDC) for either a term loan or an equity contribution. CDC has indicated that it will invest Rs.10 crores as equity which would form part of the public portion. A further Rs.10 crores is expected from "farmers and dealers". This is an area which has not been tapped by companies so far, says Raju. "As first generation entrepreneurs it is unrealistic to expect us to bring in Rs.67 crores as promoters' contribution. We have to tap as many sources as possible for funds." While the promoters' contribution has been tied up the financial institutions are in the process of okaying a loan package of Rs.530 crores — Rs.150 crores in foreign exchange loans and Rs.380 crores to be tied up locally. The financing process will end with an equity issue of Rs.57 crores early next year. NFCL's high debt-equity ratio precludes the possibility of an early dividend — interest and depreciation charges in the first few years will be substantial. And any financial projections at this stage will only be speculative.

On the group's competence to execute such a large project Raju feels that he has assembled an excellent team of professionals which includes president S. Krishnan (formerly of Kribhco); vice president, marketing N. Parthasarathy (of EID Parry); and S. Balasubrahmanyam who moved in as vice president, finance, after a long stint in Coromandel Fertilisers. "It's not that I am managing the company alone. We have good people," he says. He emphasises that the group's ability to attract and retain good talent has always been its strong points (*see box*).

Starting off modestly with a cold rolling mill in 1976 the Nagarjuna group today appears all set to enter the big league. Given the group's limited success with smaller projects, fears about executing the fertiliser projects on time are not misplaced. But this does not mean that entrepreneurs with limited means should be prohibited from taking up large projects. Nagarjuna Fertilisers then is a test not only for the Nagarjuna group, which until a few years ago seemed unstoppable but also for that breed of technocrat-entrepreneurs they exemplify.

Nagarjuna Coated Tubes: signs of revival at last

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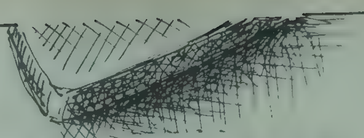

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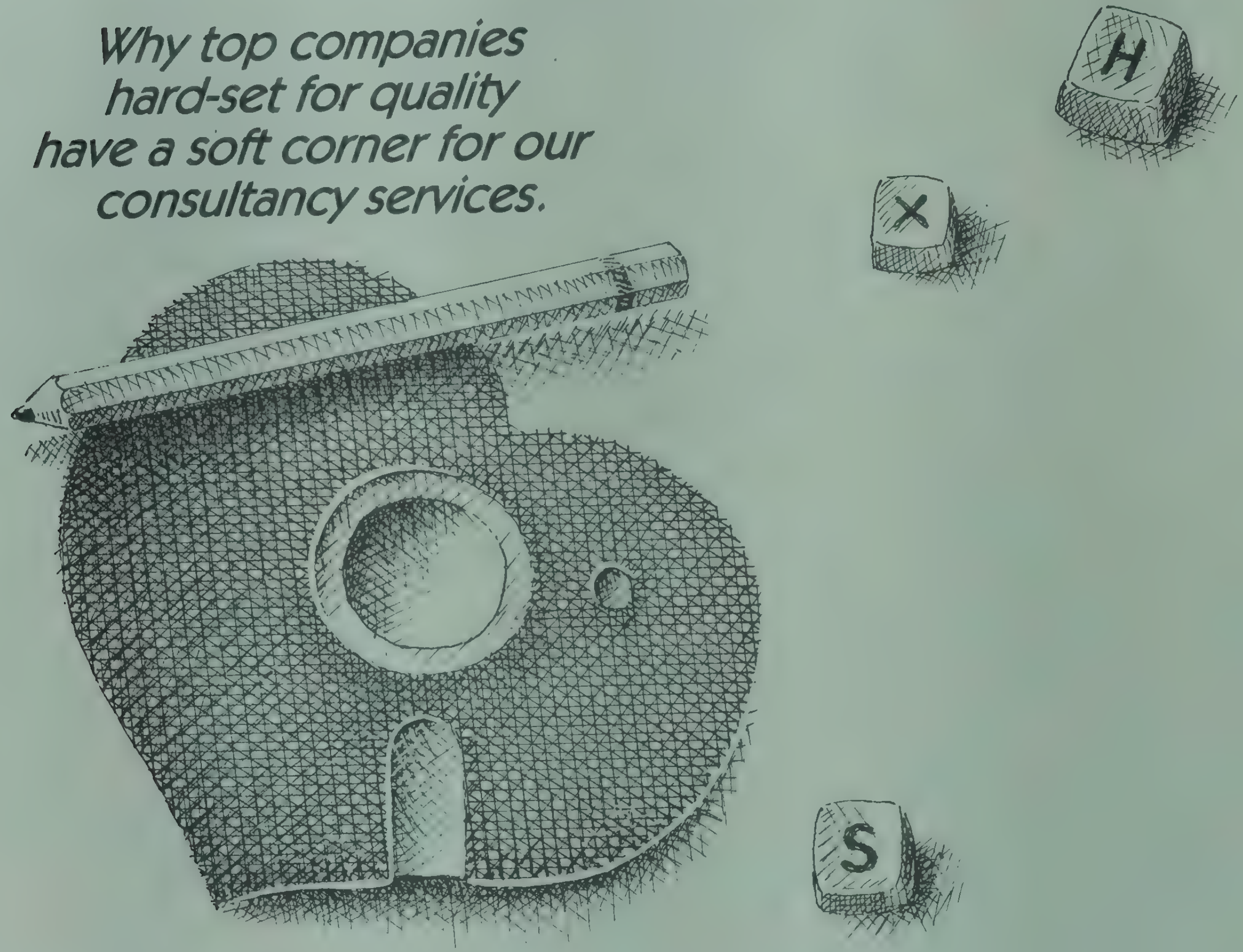

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BEST & CROMPTON

Looking for a suitor

Only a quick infusion of substantial funds can revive Best & Crompton Ltd (B&C). The company is now without a chief; whoever takes over has a formidable task ahead

What do the financial institutions, which have a major shareholding in Best & Crompton Engineering Ltd, have in mind for the company? Chairman M.K. Kumar, who has presided over B&C during its best times and the subsequent bad times, has laid down office. He is not interested in an extension in spite of the FIs requesting him to continue. Managing director A. Venugopal, who has two more years to go before he retires, also does not want the job. It is reported that V. Krishnamurthy, SAIL chairman and director on the board of B&C, was offered the chairmanship, but he too declined. As a result, when the board was convened recently to declare the operating results of the company, it had to elect a temporary chairman. Best and Crompton is reportedly suffering from a massive cash crunch and needs an infusion of at least Rs.5 crores to make it viable.

Several industrial houses have shown keen interest in taking over the management. These include the TI group, SPIC, and the Hindujas. Chhabria also was in the running but has subsequently dropped out. Though the financial institutions with 51 per cent of the shareholding nominally hold the trump cards, the grapevine has it that the final decision on who will take over the company will be taken by three key players — M.J. Pherwani of Unit Trust, S. Venkitaraman, the finance secretary, and the prime minister's secretariat. Reportedly, the financial institutions are contemplating suggesting a rights issue. They would then relinquish their rights shares to the new bidder.

Arunachalam: willing to take over but at a lower price

Best & Crompton office in Madras: not yet out of trouble

Venkitaraman is said to favour a "sons of the soil" policy towards the takeover of the unit. He wants a local industrialist to take over because he would in a sense be a guardian of local interests. He is said to favour a takeover by the TI group.

Both TI and SPIC have denied officially that they are interested in Best and Crompton. SPIC is one of those companies whose fate it is to be named whenever a takeover is mentioned anywhere in the south. Reliable sources have it that SPIC is really not in the picture. As far as the TI group is concerned market rumours say that it has already cornered 10 per cent of B&C's shares. M.V. Arunachalam, chairman and managing director of the TI group, is said to have got the support of an NRI who has built up a 6 per cent shareholding in the company by buying up small shareholdings from British nationals.

Arunachalam is, however, unwilling to pay the Rs.5 crores which has been asked as the entry price. What he is willing to do is to bring TI's management expertise to bear on the company and also persuade the banks not to insist on an infusion of funds.

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Venkitaraman, the Hindujas have the backing of the PM's secretariat. The B&C foundry operations would be a good acquisition for the Hindujas as it handles a lot of Ashok Leyland's orders. The PM's secretariat is, however, playing cautious and does not want the deal to go through while parliament is in session.

Whoever takes over Best & Crompton has a formidable task ahead. Despite the moderately good results it put out, the fact remains that the company is strapped for cash.

According to the figures announced by B&C for the 15 months ending March 1988, things are looking slightly more cheerful than during 1986. The volume of sales on a pro rata basis has increased by 10 per cent; the increase comes mainly from domestic contract work. The profit before interest and depreciation for the period has increased by Rs.360 lakhs as compared to the previous period. However, as depreciation is higher by Rs.100 lakhs and interest by Rs.268 lakhs, the profit after tax is marginally lower at Rs.87 lakhs, compared to Rs.91 lakhs in the previous period. The current order book position at over Rs.130 crores is considered comfortable and the management feels that the prospects of further increases are bright. However, the most significant fact is that the profit before depreciation, interest and tax for this year is Rs.1,043 lakhs. But the interest alone being Rs.817 lakhs, almost 80 per cent of the company's profits have gone to pay interest.

B&C's problems arose out of the rapid diversification it undertook in the early eighties. The company which was a manufacturer of water pumps, motors, electrical switchgears and transmission towers entered into foreign contracts in a slow and steady manner in the mid-seventies. With the entry of Kumar in 1979, the company swiftly moved into foreign contracts in Iran, Malaysia, and other countries, and also diversified into a number of new lines — lifts, valves, computers, light fittings, air control equipment, real estate and leasing — and also acquired some small companies. Till 1985 the company did very well in the then lucrative foreign operations and therefore ignored the established lines. The new diversifications also made no great progress. With the drying up of the foreign contracts, the crash came. "From 1985 onwards, there have been no real profits. The management which can at best be described as adventuristic has indulged in very creative bookkeeping. It borrowed heavily and dressed up its high overheads," says an independent analyst who undertook an examination of B&C balance sheets till 1987 on behalf of an interested party. In spite of this, profits have been declining steadily. Operating profit was Rs.220 lakhs in 1985. It dropped to Rs.102 lakhs in 1986, and in the current year it is Rs.87 lakhs.

The company has now been sanctioned a term loan of Rs.450 lakhs from the FIs to improve liquidity and fund voluntary retirement schemes. "This is really like giving a few drops of blood to a patient who needs a blood transfusion. In 1987-88, 80 per cent of the company's operating profits have been eaten up by interest. How can any company finance this kind of burden with further loans," says a financial analyst.

The management has pointed out that the foundry operations at Madras and Bangalore (which the company wanted to get rid of last year) have improved substantially with prospects of good export orders. But the fact remains that these foundries are excessively overstaffed (according to one estimate almost 50 per cent of the labour force has to be got rid off to make the units viable) and therefore their profitability is seriously eroded. Although the order book position is good, the company requires working capital to execute the orders. "Whoever wants B&C has to be willing to invest a lot of money and also put in considerable management inputs," remarks an industrialist, who was asked to consider the takeover of B&C a few months ago but declined. Some observers say that the company needs Rs.10-12 crores immediately to turn it around.

B&C still has many strengths: a good work culture, international experience, good prospects of growth in the domestic market, skilled personnel and some good product lines. B&C can still be made viable. But for this, it must be taken over by a strong management willing to radically restructure the company, critically examine all commitments and get rid of the loss-making units (eg. Three C Systems, Generators India Ltd, Air Control and Chemical Engineering Co Ltd). In the meantime Best and Crompton has decided to sell some industrial land on the outskirts of Madras and also some peripheral businesses. This would immediately give it some cash and consequently some breathing space. ■

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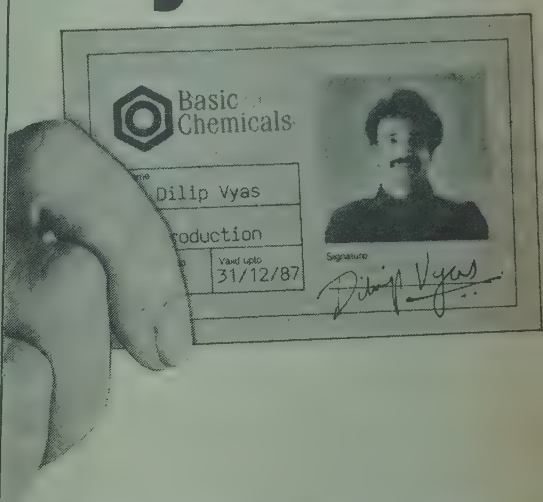

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SPARTEK

Neycer in the bag

In its first year of full production itself, Spartek established itself as the market leader in ceramic floor tiles. Now, with the takeover of Neycer, an organisation bigger than itself, Spartek has emerged as the largest ceramic tile manufacturer in the country

It has been a windfall for Krishna Prasad Tripuraneni, managing director of Spartek Ceramics India Limited. In a move which took the sanitaryware and tile industry by surprise, Spartek acquired a controlling interest in the Madras-based Neiveli Ceramics and Refractories Limited (Neycer) by buying 40 per cent of the latter's equity in July. Spartek bought almost 700,000 shares for Rs.20 each at a time when Neycer's Rs.10 shares were placed at around par value.

With an investment of Rs.1.50 crores, Spartek has taken over an organisation bigger than itself with facilities for sanitaryware and tile production which, at current prices, would cost Rs.32 crores to set up.

By acquiring Neycer, Spartek has become the largest ceramic tile manufacturer in the country. With Neycer bringing in 35,000 tonnes per annum (tpa) the combined capacity now stands at 75,000 tpa. In addition, Neycer has an 8,500 tpa sanitaryware plant at Vadalur. The brand name "Neycer" which is well entrenched in the sanitaryware market with a share of 20 per cent is another gain. "We can now marshall a capacity of 65,000 to 70,000 tpa between Spartek's Narasingapuram plant and Neycer's Pondicherry unit; this makes us larger than H.R. Johnson and Somany Pilkington," says an enthusiastic Tripuraneni.

More important than sheer production volume is the fact that Spartek has become the first unit to integrate sanitaryware and tile operations. "This development will have far-reaching implications for the sanitaryware and tile markets where the practice of exclusive distributorship has been prevalent. I foresee significant changes in the distribution network," comments Ajit B. Mantagani, vice-president, ceramics, E.I.D. Parry India Ltd.

For Spartek the opportunity could not have come at a more appropriate time. Despite an increase in capacity to 40,000 tpa at Spartek's Narasingapuram plant, order books were bulging and the company was finding it hard to produce as much as the market wanted. "Further, it was becoming increasingly difficult to allocate production time for the manufacture of wall tiles, which is necessary in order to offer a complete package," observes Tripuraneni.

By virtue of its excellent performance (net profit of Rs.2.72 crores on a paid-up equity of Rs.2.85 crores during the year ended 30 June 1987, its first full year of operations), Spartek was in a position to look around for production facilities that it could buy. Negotiations with Krishna Ceramics — where reportedly there were cost overruns due to a one-year delay in implementation — were not successful. It was about this time that Spartek turned its attention to Neycer.

THE SELLING DECISION

Neycer's performance lacked lustre. During the year 1985-86, the company reported a loss of Rs.1.91 crores on an equity of Rs.2.2 crores. Neycer's venture into ceramic tiles proved to be its Waterloo. "Dealers wanted to offer a complete package of floor and wall tiles with sanitaryware in matching shades and designs," recalls R.M. Mehra, Neycer's president. "Therefore a tile plant was put up in Pondicherry at a cost of Rs.16 crores." A technical collaboration agreement was signed with Agrob of West Germany. "But cost overruns to the tune of Rs.3 to 3.5 crores, due to the sharp appreciation of the deutschmark and an almost simultaneous increase in the import duty on machinery from 45 to 85 per cent, set the project back," explains Mehra.

But there was another factor too which influenced the selling decision. Of Neycer's equity, 40 per cent was held by High Energy Batteries (HEB), belonging to the same group as Seshasayee Paper and Boards, and its associates. "High Energy Batteries, which primarily supplies the defence sector, plans to expand its capacity. The company's bankers felt that it ought to raise resources by partially diverting its holdings in Neycer," explains S. Viswanathan, vice-chairman of Neycer and its founder. Subsequently, it was decided that the entire holding should be offloaded, and 10 per cent c Neycer shares were acquired by Sparte from HEB and its associates. Another per cent was transferred to Spartek associates by Viswanathan's associates. Th transfer of the remaining 25 per cent t Sparta Holdings Pvt Ltd, a company i the Spartek fold, will be formalised afte the necessary clearances are obtained.

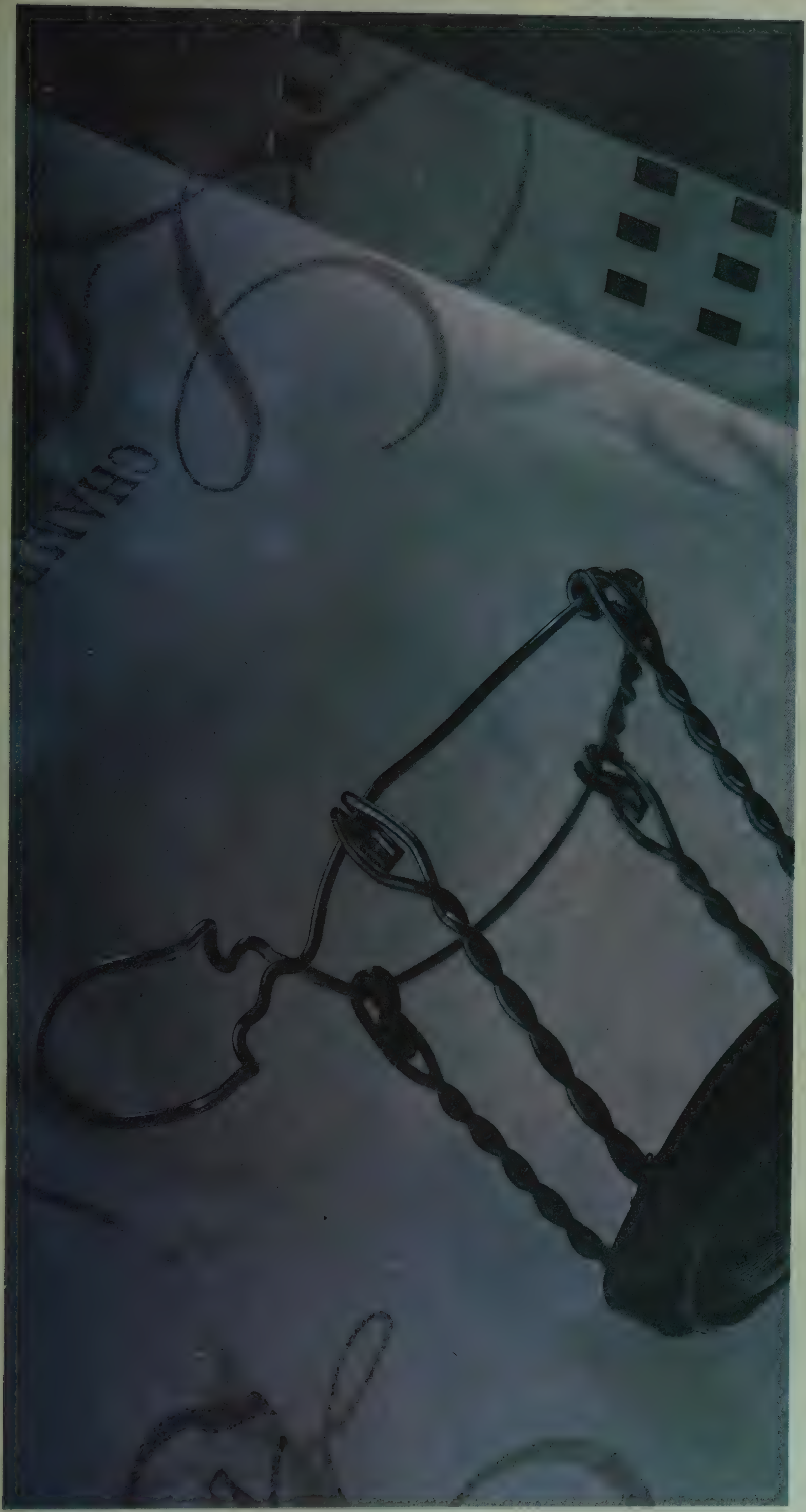
During 1987, Neycer's Pondicherr plant produced 4,000 tonnes. It produce the same quantity during the first si months of 1988. "But the unit is pickin up and will definitely break even b December 1988," says Tripuraneni. Th capacity utilisation at present is 30 pe cent. "A part of the capacity of th Pondicherry plant will be utilised to mak wall tiles," he says.

However, the first task is to mak Neycer a profitable concern. "It will b turned around within a period of si months," says Tripuraneni. Tackling th production problem at Pondicherry ha been accorded top priority. Though th plant is almost new, the machinery need to be overhauled and fine-tuned in orde to effect improvement in capacity as wel as an increase in the output of firs quality tiles, which now account for meagre 30 per cent of production. Rs.8 lakhs will be invested in this plant t bring it up to the necessary productio standards. It would require Rs.50 lakhs t overcome the cash crunch. "The ICIC which is the lead institution involved, ha promised support," he maintains.

Tripuraneni also plans to increase capacity at Neycer's sanitaryware plant at Vadalur, from 8,500 tpa to 12,000 tpa with an investment of Rs.1.5 crores. "We are looking at the financing patterns," he adds. Indications are that Spartek will abandon its plans to set up a sanitaryware plant near the Godavari basin. However, it is going ahead with its 100 per cent export unit to manufacture industrial ceramics, at a plant to be set up near Tiruvallur.

The changeover, to be effected at the next AGM, is expected to be smooth. LIC, which holds 32 per cent of Neycer, is likely to go along with the proposals. S. Viswanathan, hitherto vice-chairman, will take over as chairman of Neycer, which will remain an associate company for the present. "A merger decision may be taken subsequently," adds Tripuraneni. Spartek, in the meantime, can be expected to gain more ground.

■ DHARANI K. PAN



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BOPP VS POLYESTER

The battle for the pouch

If S. Kumar, chief executive of Excel Marketing (P) Ltd, which markets polyester film manufactured by Polyplex Ltd and Ester India Ltd, is to be believed, "the next three years are going to be tough". But M.P. Gupta, managing director of Flowmore Polyester Ltd, feels otherwise, "The polyester demand cake is getting bigger and bigger and there is a piece for all" he says. And then, a balanced statement from P. Dasgupta, manager (packaging development), Excel Marketing, "There is a growth scenario for all. Ultimately, the demand will depend on the what the market wants and the price it is ready to pay for it."

Conflicting but optimistic statements are being aired by manufacturers of both bi-axially oriented polypropylene (BOPP) and polyester on the future demand and consumption scenario for both. In the meanwhile, with new entrants and huge capacities being set up in both segments, the competition is getting hot.

However, the rosy outlook projected for the packaging industry about two years ago has not really materialised. The industry has certainly not boomed — in fact, going by the number of film converters, laminators, etc, who have closed shop, it has bombed. "We know it for sure that food packaging (which had the biggest potential a year back) is going to witness very slow growth in the next few years — of around 10-15 per cent," says a senior executive in Garware Plastics and Polyesters.

The price at which the product sells is an indication of this. Already, the average price of polyester film has come down from Rs.140 per kg (pre-excise) to Rs.110 per kg in the last eight months. BOPP prices too have dropped by about 15 to 20 per cent in the same period. The trend is expected to continue.

Currently, all converters and laminators have stopped lifting film in anticipation of further price cuts by manufacturers of both films. "Garware reduced its price on an ad hoc basis to Rs.100 per kg (pre-excise) and we immediately announced a reduction of 8 per cent in our price," says B.M. Vijay, president of Cosmo Films, which is the largest producer of BOPP.

This price war has its origins in the fact that BOPP (being a lighter film with a low density of 0.9) gives a higher yield in terms of square metres per kg. In the up market segments of food packaging, however, polyester is preferred. Thus, if BOPP is to have an edge, it has to maintain its yield advantage of 30 per cent over polyester film. Another major disadvantage for BOPP is that certain end uses, like magnetic tapes, X-ray films, electrical motors and cable insulation, are totally closed to it. So, for BOPP to increase its market share, it has to slot into the down market price-sensitive segments. Admits Dasgupta, "BOPP is excellent wrapping material and for all such uses it will be the only film preferred. In this segment, BOPP will replace cellophane (which it has already achieved to quite an extent). But, for other food packing areas, only the cost conscious ones will prefer BOPP."

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Polyester is the preferred material in the upmarket segments of food packaging

The polyester people, are not taking the BOPP makers' moves lying down. Efforts are already on to reduce the thickness of film to cut down on the yield advantage of BOPP. "We have already achieved up to 10 micron thickness and now trials are being run for producing an 8 micron film," says Kumar. "In the West, manufacturers have been able to attain thickness of as low as 6 microns," adds Dasgupta. But Garware spokesmen dismiss this as "humbug". "It is not easy to achieve 8 micron thickness. Even we have not been able to achieve this in the last eight years," says one such spokesman. *Business India* spoke to a number of executives in Garware, including those in marketing development; none was willing to be directly quoted on this subject.

The BOPP boys are, in the meanwhile, making aggressive attempts to cut into the existing polyester market (see *Business India*, 11-24 July, corporate report on Cosmo Films). Test marketing is being conducted by Cosmo for packaging tea for bigwigs like Tata tea and the Sona brand of masalas. Even a pouch for packaging pan masalas, so far the domain of polyester based laminates, is being tried. "We have been developing new films in our own R&D labs. Already, success has been achieved in metallising the film, improving the printability and in producing double layer films," says Vijay.

The polyester producers, however, are not unduly worried — or at least that is the feeling they project. "BOPP has some inherent disadvantages that it cannot wish away. Printability is better on polyester and the reverse printing achievable on polyester laminates cannot be done with BOPP. Even processability (ie, running of the film on pouch making machines) is easier with polyester. This is because BOPP is a slack film and wrinkles are formed when it is being processed. But, the most important property of polyester is its aroma-retaining one. Wherever (in packing food items) aroma is important, BOPP cannot be used," explain Kumar and Dasgupta.

Even the whole idea of improving the printability of BOPP films by developing newer types of inks will only work up to a point. New inks automatically mean an increase in processing costs. Add to this the fact that there is a 20 per cent wastage in inks. As far as metallised BOPP film is concerned, Dasgupta has a ready answer. "We have been hearing about it for two years. Till now it is being

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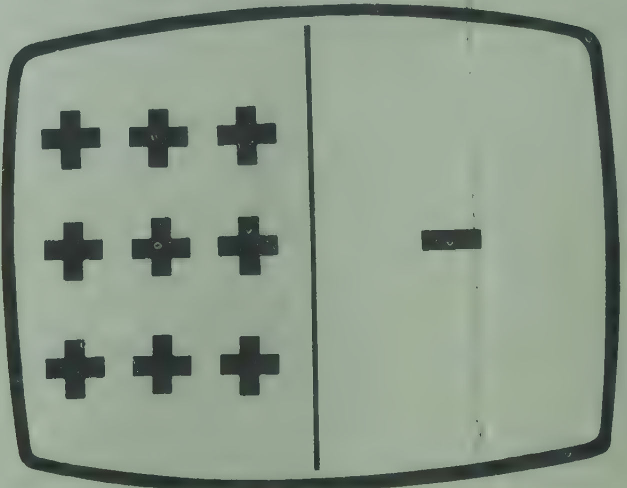

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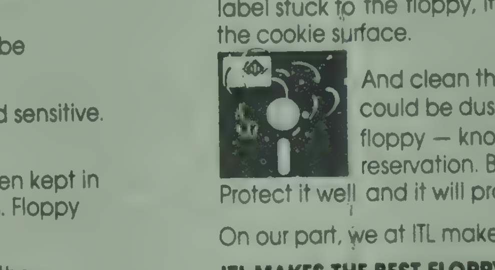

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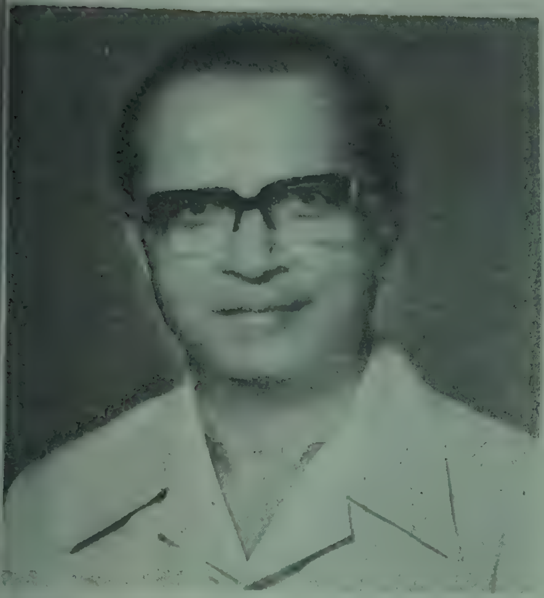

Gupta: a growing demand for polyester

used only for decorative purposes," says he. Even Vijay admits this fact, "Till now, our metallised film is being used to wrap sweets in a big way."

But, the main fear of polyester producers lies in the fact that, despite the potential, their specialised segments have not really grown. "Take the case of reprographics uses. World-wide the segment constitutes about 20 per cent of the total polyester packaging market. In India, we are just about selling 1 to 1.5 tonnes at present although we have a plant to manufacture 75 tonnes," says a senior executive in Garware. This executive adds that document lamination, another big area, is currently consuming a mere 3 tonnes a month.

Given all these new areas and their growth potential, demand projections for polyester film do not look good — at least they do not indicate a boom. The whole video tape market, with a consumption projection of 1.5 million cassettes a month, will merely consume 100 tonnes. The big, big audio market, another 200 tonnes. The much talked about pan masalas' offtake is 500 tonnes a year. Add to this the demand generated by the manufacture of X-ray films, electrical motors, document laminations, reprographics and print lamination, and you have an additional consumption of 1,000 tonnes — peanuts again, compared to the capacities being set up.

Garware has expanded its capacity to 6,500 tonnes and has applied for a further expansion of 2,000 tonnes. Three new plants — Flowmore Polyesters (3,840 tonnes), Polyplex Ltd (4,000 tonnes) and Ester India Ltd (4,000 tonnes) — have come up this year. Also, a capacity of 900 tonnes has been set up by Venlon Ltd. Thus the total capacity is well over 19,000 tonnes. The demand projected by polyester producers themselves is 15,000 tonnes by 1990. If BOPP manufacturers do manage to nudge into segments currently held by polyester, there is big trouble ahead for the latter.

The whole scenario has been well summarised by a Garware marketing man: "The electronics industry is government-oriented (magnetic tapes can today be imported at a concessional import duty of 40 per cent), the cable insulation segment has reached saturation and the food packaging industry is showing signs of maturity. The boom (in terms of profits) is already over for the industry."

The situation is not very different in the case of BOPP. Three additional plants of 3,000 tonnes each are being planned by Ranbaxy, the A.K. Chauhan group and Maxon India Ltd. At present, Cosmo has a total capacity of 2,800 tonnes while M.M. Rubber, M.P. United Polypropylene and Gujarat Propack each have a capacity of 800 tonnes. M.M. Rubber has decided to expand to 2,000 tonnes. At a conservative estimate, the total installed capacity will be over 10,000 tonnes in 1990. And the demand projected for that year — 6,000 tonnes.

So, what are the alternatives available? One, to find new areas through innovation and development. Two, to export. All the current manufacturers have set up separate departments for product and package development. Also, the communication gap between film producers and converters and end users is beginning to close. Till recently, converters had to find end uses for films and laminates on their own. "It was due to our efforts that the Kotharis agreed to try out the pouch for Pan Parag. A chewing tobacco producer was selling 100,000 packets made from kraft paper priced at 60 paise. He shifted to polyester pouches because of our effort and is now selling 500,000 pouches each priced at Re.1," says Pradeep Tyle, general manager (operations) of Flex Laminators, which is the biggest converter in north India. Explains Dasgupta, "People will pay for satisfaction and convenience. Take the example of a Diwali gift pack. It is priced at Rs.80 while the actual contents cost only Rs.40. The customer is willing to pay twice for the convenience."

Thus new areas of end uses are being pin-pointed. Desi ghee and vanaspati have already come under the umbrella of polyester laminates — the Verka and Nanak brands of ghee are being packed thus. A novel concept of a bag-in-a-box (to pack milk) has already been introduced — the Nanak brand. Trials are on to tap smaller markets like identity cards, collar bones for shirts, etc.

But, the biggest and thus far untapped market in food packaging, according to many industry insiders, is the retort pouch for ready-to-eat foods. Edible oils and detergents constitute other untouched areas. A converter in NOIDA has done some trials for the Nirma brand of detergent. "If this clicks, it will be like the floodgates opening," says an expert. Packaging for oils, however, is still a controversial subject. Although there is a government regulation to retail 30 per cent of the edible oil consumed in pouches, no decision has yet been taken on the kind of pouch to be used. According to P.V. Narayanan, director (R&D) at the Indian Institute of Packaging, "The question is about the shelf life of the pouch." Even a multinational like Du Pont of the US has been trying to enter this market for the past five years but has not come up with a solution. So, now it is discovery time for the film manufacturers.

The other area of hope is exports. "Exports will be the trump card," says a Garware marketing executive. "The mainstay during the next three years will be exports. Our two companies — Polyplex and Ester India — will together export about 1,500 tonnes of film this year. Next year we will go up to 3,500 tonnes," says Kumar. Garware is currently exporting 2,500 tonnes and is sending its film to the US and some European countries. Flowmore claims to have got an order for 600 tonnes. Vijay of Cosmo Films is confident of being able to export too. "We have already exported a trial order of a few tonnes," he says. But the manufacturers want additional concessions from the government. "Our supply to the electronics industry should be deemed exports. After all our export price of $ 3 is less than the landed price of the imported film ($ 4)," says a Garware executive.

The coming years will witness a price war, aggressive marketing, undercutting, encroachment on markets developed by competitors — and undoubtedly various unethical dealings. And the scenario which will emerge from this battle for the pouch will be one where compartmentalisation of different films and laminates has taken place. "Everybody who survives will command a market depending on the properties (of their products) and needs of the end-users," predicts Narayanan.

■ ALAM SRINIVAS

DPCO IMPLEMENTATION

Continuing confusion

The Rajiv Gandhi government announced its much-vaunted new Drug Policy in December 1986. It talked about "ensuring abundant availability, at reasonable prices, of essential life saving and prophylactic medicines of good quality," and "creating an environment conductive to channelising new investment into the pharmaceutical industry, to encourage cost-effective production with economic sizes and to introducing new technologies and new drugs." A new and largely liberal Drugs Price Control Order followed in August 1987. But the enthusiasm that greeted its announcement has all but evaporated a year later. The reason — the chaos and confusion that has characterised the government's effort to implement it. Says Dr. Y.K. Hamied, managing director of CIPLA, one of largest Indian-owned drug manufacturers, "The whole thing is in a total mess. No one really knows what is happening". Adds S.M. Hattangadi, managing director of multinational Parke Davis, "we never anticipated a situation like this when the DPCO was announced last year."

The problems that have plagued the implementation of the DPCO start at the basic level: the criteria employed by the Vijay Kelkar Committee whose study is primarily responsible for the new classification of drug categories. In the earlier, 1979 DPCO, a similar study group based its classification largely on the therapeutic use of drugs. Drugs used in treating certain categories of diseases were totally controlled while others were not. But in the present DPCO, though drugs used under six national programmes for control of tuberculosis, leprosy, blindness, malaria, filaria and certain diarrhoeal diseases have been placed under Category I of price controlled drugs where only 75 per cent industry mark-up (or MAPE i.e. maximum allowable post manufacturing expense) is allowed, the criteria employed for categorising essential drugs under Category II, where the mark-up permitted is 100 per cent, have caused some heart burn.

Five criteria were used to exclude drugs rather than include them in Category II. Thus a drug was excluded from Category II if: it was not produced in India and provided the consumption was not significantly large and was not likely to be so in the near future; if its sale was less than Rs.50 lakhs worth in 1986; it was excluded for the first five years if it was developed indigenously; if it was life saving and its availability was far more important than the price; if it belonged to that category where the domestic production structure was so competitive that there was little possibility that the consumer was over-charged.

There were many who thought this classification system to be arbitrary. And as many as 27 pharmaceutical companies, eight industry and medical associations and 28 members of parliament have so far appealed to the government asking for the exclusion of some drugs and the inclusion of others in the two categories. The Kelkar Committee, which so far has been given three extensions, is looking into this and is expected to come out with a final list of drugs some time next month.

It is widely known for example that the committee will recommend to the government the exclusion of anti-pyretic paracetamol and tranquiliser diazepam from the ambit of price control. Paracetamol, though not part of any national health programme, is currently classifed — its manufacturers feel arbitrarily — under Category I, while diazepam is grouped under Category II. A similar decision awaits Rifampicin, which though an anti-TB, anti-leprosy drug, is to be shifted to Category II from the present Category I. The reason being that high technology is required for its manufacture whose cost justifies a higher mark up.

A reverse of the above process may also take place. Several drugs that are now in the decontrolled category may find themselves in the controlled one and many in Category II may be shifted to Category I. The Union Health Ministry is reportedly very concerned by the exclusion of various vaccinces used in the national health programme from price control and have recommended changes accordingly, most of which would be accepted. Similarly, some drug combinations used in the national maternal and child health programme will probably be shifted from Category II to Category I and so will be many antibiotics used in treating sexually transmitted diseases. This no doubt will provoke a fresh volley of protest from the manufacturers who will be affected.

Glindia's Dhanrajgir: "margins cannot be paid from our pockets"

The implementation of the DPCO is bogged down by another issue that is even more important than that of categorisation — and that is the revised pricing of the drugs. There are as many as 20,000 formulations sold in the country whose pricing will have to be revised by the government, and work has so far been completed on only a few hundred. And since May this year, reacting to protests by consumer action groups over spiralling price of drugs following the new DPCO, the government has stopped approving new prices for the manufacturers.

In fact it seems that it would be futile for the government to revise the prices based on the new mark-up at this juncture. As per the new DPCO, the entire pricing structure in the pharmaceutical industry is to be changed. In the first instance the prices of 160 important bulk drugs that are in the controlled price category are to be revised. This would undoubtedly have a great impact on the pricing of the final product — the formulations. But more importantly, the government-authorised conversion norms used for the determination of the MAPE of different formulations by the industry are themselves to undergo changes as per the new DPCO.

The conversion norms determine the maximum allowable expenditure at various stages in the manufacture of a formulation — the actual production, the packing, the marketing, etc. These were last fixed in 1979. But the industry for long has been clamouring for a revision

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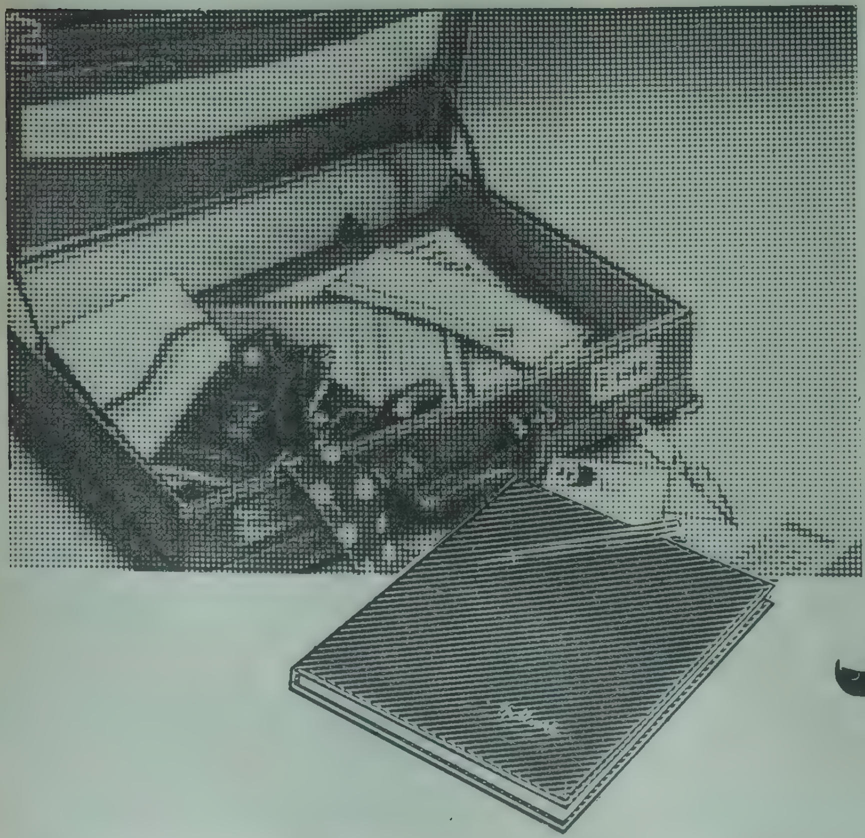

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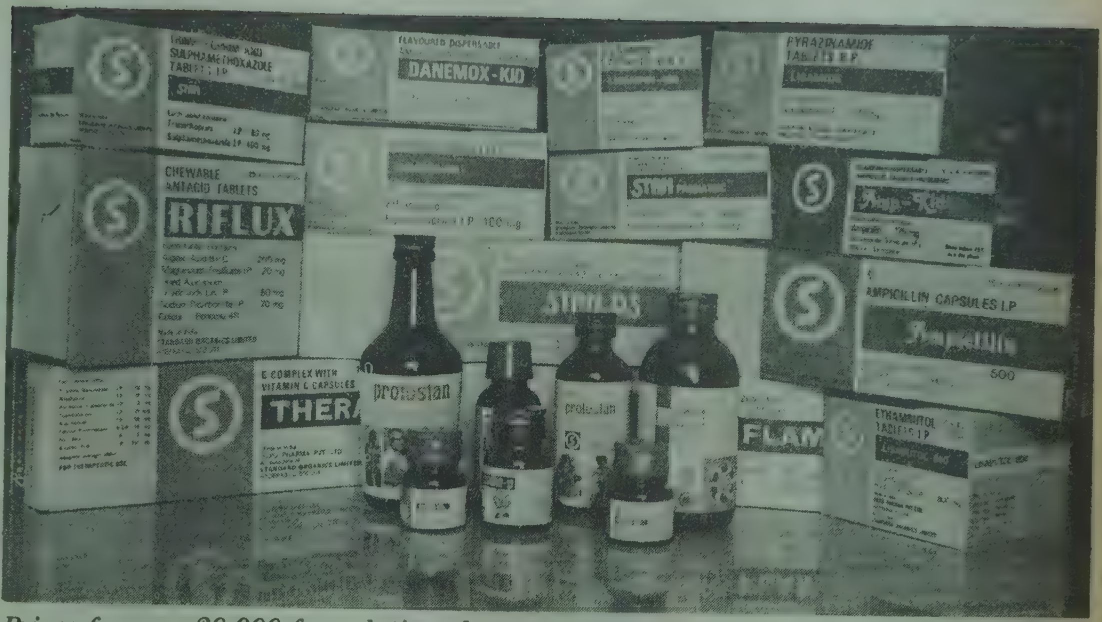
Anugrah – 238/88

on the contention that manufacturing expenses have increased several fold in the last 10 years. The government appointed a committee to suggest a fresh set of norms early this year. Its report, submitted two months ago after studying the manufacturing process of 30 large and medium companies, is yet to be made public. Once this is done, the industry can ask for a price revision based on the new norms rather than the currently prevailing old norms.

In an ideal situation, in a government price-controlled industry like pharmaceuticals, the price determining exercise should have taken the following course: the government simultaneously announces the conversion norms and the new prices of bulk drugs following which the industry submits applications for price revisions for specific formulations. But what has happened is that, due to reasons like governmental inefficiency, and more importantly the lack of machinery, each of the formulations involved is supported by hundreds of invoices as evidence of expense incurred in its manufacture. The process gets so convoluted that it would be years before some of the manufacturers get their price revision.

And thus there could be instances where some manufacturers would have to ask for as many as three price revisions for the same product. For example, if a drug company has already received a price revision for one product based on the new MAPE, it will be forced into asking for a fresh revision when the new prices for the bulk drug that go into its manufacture are announced. And then it will have to go to the government again for a re-re-revision of the price when the new conversion norms are announced. As it stands now, the government has revised prices of a few hundred of the 20,000 formulations, re-fixed prices of 20 out of 160 bulk drugs and is yet to announce the conversion norms. Some say that by the time every formulation manufacturer gets his price revision it would be time for a new DPCO and a fresh drug policy!

An even greater contributor to the chaos than price revision is the issue of retail and wholesale trade margins. Since drug prices are statutorily fixed by the government, it also specifies the margins that are to be paid to the chemists and the wholesalers. The 1970 DPCO fixed for the first time a retailer margin of 12 per cent on prescription drugs and 10 per cent on OTC (over the counter) drugs.



Prices for over 20,000 formulations have to be revised

The wholesaler margin was fixed at 2 per cent. This margin structure was continued through the 1979 DPCO. But in May 1982 after strong protests by the chemists the industry was forced to revise margins of drugs in the decontrolled category. Their margins were revised to 18 per cent for retailers and 8 per cent for wholesalers. This was further raised to 20 per cent and 10 per cent respectively in October 1984.

As for the margins of controlled category drugs, after consistent demands by the chemists, the government, while announcing the new DPCO last year, raised the retailer margin to 17 per cent for prescription drugs and 15 per cent for OTC products. The wholesaler margin was fixed at 3 per cent. However, the industry thought this was too high and lobbied to get it reduced. And after a series of meetings involving the chemists, the government and the manufacturers, a uniform margin rate of 15.5 per cent was arrived at for retailers. In addition, it was also agreed that the chemist would be allowed to charge a dispensing fee of 50 paise per prescription during the day and Re.1 at night. It was also agreed that the margin for decontrolled category drugs would continue at the prevailing 20 per cent.

However, the dispensing fee raised the hackles of consumer action groups which forced the government into withdrawing the idea. The trade was compensated with a half a per cent increase in their margin to 16 per cent. This was duly gazetted in March this year. But then the problems started. The government in its notification stated that this margin would be exclusive of the excise duty charged on the product, ie, it was to be calculated only on the actual cost of manufacture. The chemists claimed that this was tantamount to deceit since all along they were given to understand that the trade margin would be calculated inclusive of the excise duty. Says Kishore Shah, the aggressive vice president of the All India Organisation of Chemists and Druggists, "We were cheated. The government went back on its promise because of industry pressure. The exclusion of excise duty brought down our margins effectively by nearly 3.5 per cent."

The industry says that it was a mistake on the part of the government in the first place to raise the margin. It says that the government should evolve a system whereby the increase in trade margin would not eat into the industry's own earnings. Says H. Dhanrajgir, senior vice president, Glindia, which is at the centre of the controversy over the trade margin issue, "There is no way we can pay margins from our pocket. As it is, our profitability is among the lowest among any industry in the country. And if we start heeding the trade's demands we might as well stop manufacturing activities and become chemists because there is more money in trading than actual manufacture."

To prove their point, industry people quote a recent survey done on the profitability of the pharmaceutical companies of the new DPCO. Prices of products of 23 companies were computed and it was found that the weighted average price increase to consumers was 11.7 per cent till 31 May, 1988. Of this gain in prices, 37 per cent went to the retail trade, 32.1 per cent went to the government, the wholesalers took 10.6 per cent and the manufacturers got the lowest 5.2

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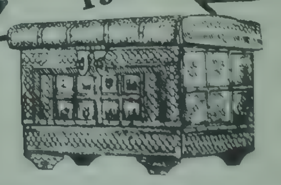

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Pharmaceuticals manufacture: falling profitability

per cent. This increase, industry associations point out, is far below the national inflation rate of 10 to 12 per cent and is even lower than the historic average annual price increase of 6 per cent obtained by the drug industry over the past decade or more. The average industry profitability was estimated at 3 per cent in 1987. Says Hattangadi of Parke Davis, "It is easy arithemetic that with all the costs of inputs going up by 10 to 12 per cent in 1988 and with the price increase pegged at 5.2 per cent on the end product, the industry's profitability will decline further steeply. The new DPCO in its present status of implementation has a negative impact. It will only achieve the opposite of the new drug policy's stated objectives."

But the trade will not have any of this. It first organised a one day retailers strike in May and then threatened a selective boycott of individual company products if the government did not give in to its demands of making the margin exclusive of the excise duty. And it made good this threat when in late June the Bengal chapter of the traders association began boycotting Glindia products. Glindia is the largest of the country's drug manufacturers. Though this action has not yet snowballed into a nationwide boycott, the company's sales in the Eastern region have gone down by about 60 per cent. Says Dhanrajgir, "There is nothing we can do in this matter. It is the government that raised the issue and it is for the government to settle it."

The government first requested the Kelkar Committee to look into the matter but on its refusal the job has now reportedly been entrusted to a new committee headed by I. Bhatty, director general of the National Council of Applied Economics Research. This committee for the first time will go into the entire economics of trading in pharmaceuticals and provide the basis for all future trade margin revisions.

The most visible manifestation of the government's mismanagement of the drug price revision has been the huge rise in the retail price of drugs in the decontrolled category. These drugs account for nearly 27 per cent of the Rs.2000-crore annual turnover of the pharmaceutical industry in the country. The new DPCO brought down the number of drugs under price control from 347 to 166. Many of the newly decontrolled drugs had been denied price revisions for the last five and ten years. Hence, in the absence of any instructions from the government to raise their prices in stages, the drug manufacturers took total advantage of the new freedom and increased prices to levels they thought suited their economics. Glindia, for example, was forced into pricing a popular expectorant of theirs — Dilosyn 450 ml — at around Rs.13.60 for more than a decade. After the new DPCO it raised the price by 104 per cent to Rs.27.74. In the case of another product, a vitamin injection Kapilin, it raised the price by 131 per cent.

A wave of protest by public interest groups followed this sudden price rise. Members of Parliament wrote to the government saying that the drug policy has only resulted in the common man being fleeced. In a list of 300 formulations sent to the government by one MP, it was shown that some of the prices had gone up by 200 to 400 per cent. Said N.K. Bhatt, a former president of the INTUC, in a letter to the industry minister J. Vengala Rao, "The new DPCO is designed by you mainly to help the producers. If no action is taken to remedy the situation, we would have no option except to approach a court of law for protection of consumer rights under the Essential Commodities Act, 1955 and the Consumer Protection Act, 1986."

According to Hattangadi of Parke Davis, "It was only natural that these prices would increase because their manufacturers were denied the benefits of a price revision for five and ten years." But a chastened government first stopped revising the prices of all controlled category drugs under the new DPCO in May and then last month rang up individual manufacturers asking them to reduce the prices of decontrolled drugs to within 100 per cent of the increase. Glindia was asked to reduce the price of Dilosyn from Rs.27.74 to Rs.23 and Kapilin injection from Rs.12 to 9. Although it is debateable whether the government can ask manufacturers to reduce prices of a drug in a decontrolled category, most companies have responded. But this at best seems a short term solution. Once the new conversion norms are announced and the prices of all bulk drugs are revised, the government will be forced into revising the prices of thousands of formulations upwards regardless of public protests. As for the consumers, they will have to accept the bitter pill.

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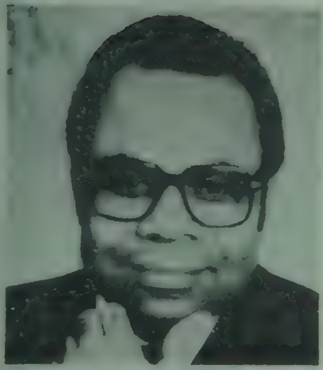

SHRICHAND HINDUJA

Peace in the Gulf: opportunities for Indian business

The cessation of hostilities between Iran and Iraq will open up opportunities for all countries which have the management and labour skills necessary to participate in the massive reconstruction and rehabilitation necessitated by the ravages of a long war.

Comparatively, Iraq's task is tougher since it needs revenues not only to rehabilitate itself and continue its economic and industrial projects, but also to repay the countries which have assisted it in prosecuting the war. Nevertheless, there is enough evidence in the recent history of both these countries to show that they have adequate manpower and the will and a growing middle-class which would like to pursue economic programmes and achieve greater self-reliance.

Many of the developed and western countries have already initiated moves to take advantage of the commercial and economic opportunities offered by the process of rebuilding the shattered economies of these countries. There is, therefore, no reason why countries like India, traditionally close to both Iran and Iraq, particularly to the former, should not have a role which is beneficial to all concerned. India has wide experience in both the countries, more so in Iran, in the economic and commercial areas. While western countries will exert their influence stemming from the credits extended by them during the war, the competitiveness of Indian goods, and particularly Indian services, should enable India to hold its own against others.

India's contribution to the reconstruction and rebuilding of industries and the general economic reconstruction of Iran and Iraq could be in the form of projects and services, and trade.

Projects and services could be offered in the construction of residential complexes, roads, bridges, industrial units, railways and even the complete reconstruction of certain towns and villages that have been ravaged by war.

Indian companies can play a significant role in the reconstruction and extension of existing domestic crude oil pipelines, major export terminals, oil refineries, etc. We can also contribute to the development of petrochemical industries, steel plants, automobile units, etc. Joint ventures can be set up to establish downstream mechanical industries, nuclear and atomic energy projects and chemical industries. There is much scope for collaboration for local production of pharmaceutical items in both the countries. We can supply plant and equipment as well as technical skill for power generation. India can provide medical, managerial and technical personnel. Our companies can collaborate with local industries in the field of cinematography.

The scope for trade is immense. The list is long: we can supply commonly required items of consumption like rice, wheat, meat, tea, sugar, spices, raw materials, etc. Also, we can supply cement, steel, chassis for trucks and buses, gear box components for heavy vehicles, automobile spare parts, tiles, electrical and electronic components, diesel locomotives, wagons, rails, paper products, chemicals, pharmaceuticals, etc.

India can import from these countries, under buy-back arrangements or in free-trade, items like metal ores, petrochemical raw materials and intermediaries such as ethylene, monomers, aromatics, polyethylene, polypropylene, butadiene and fertilisers such as ammonium, sulphur, DAP, etc.

The supply of essential commodities could be linked to the purchase of oil from these countries, from whom India can get almost all its crude oil requirements. It may be arranged with them to buy these goods, which they need very badly, to cover at least half the value of India's oil purchases. The government of India should seriously consider the opportunities so available in these two markets as well as in others in the region to augment the country's exports and improve its trade balance, and clearly define policies to support the efforts. Needless to mention, these programmes have vast employment potential as well. Particularly in the case of Iran, it should be possible to revive the Kudremukh iron ore and the Rajasthan canal projects and attract investment for other projects to supply the domestic requirements of that country. The cost of such projects can also be adjusted against oil purchases.

DECLINE IN OIL PRICES

Since the decline in oil prices has helped a number of developing countries including India to reduce their foreign exchange outflow, one has to anticipate the effect of peace on oil prices. It might be hazardous to guess the shape of things to come, but in the first few years after the war there is adequate reason to believe that with Iran and Iraq having to pump out 3 to 4 million barrels of oil per day to sustain their own rehabilitation and economic recovery, oil prices are unlikely to increase markedly. But neither can there be any substantial reduction in the current rates, especially because any such step will not be in the interests of Iran.

The author heads the House of Hindujas, amongst the oldest Indian business houses in the Gulf, with an establishment in Iran for the past seven decades

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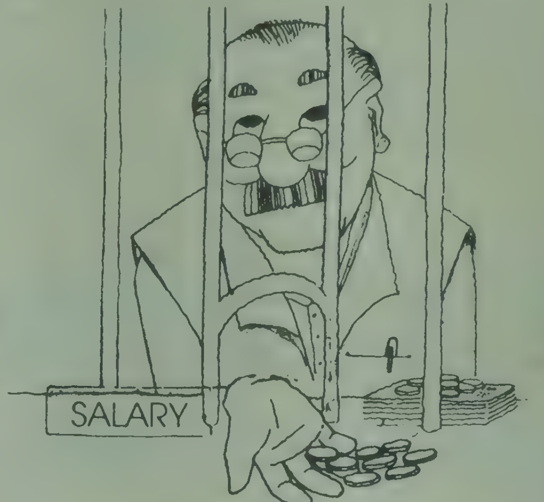

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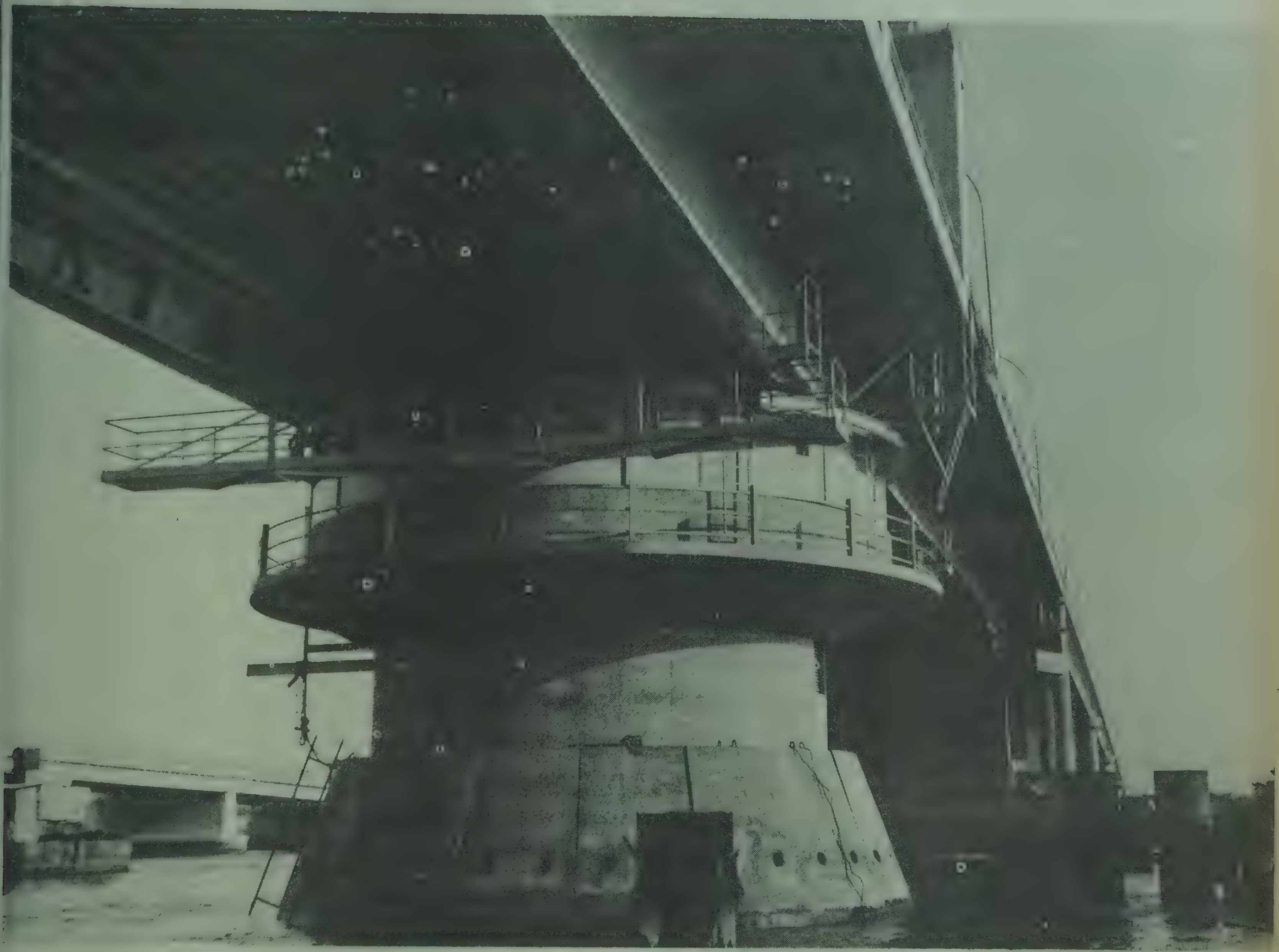

View of a bridge being built in the Gulf region with Indian expertise

But in due course, perhaps after ten years or so, the trend towards a sharper increase in oil prices is likely to be felt. It is, therefore, within the next ten years that India has not only to help in the rehabilitation of these countries but also to forge links so that future increases in oil prices can be offset by arrangements for the purchase of Indian goods in a manner beneficial to all concerned. All this needs concerted effort and hard work.

It is imperative to shape our policies adequately to cope with the fast pace of development the world over. The tremendous success achieved by comparatively small countries like Japan, South Korea and Taiwan is an excellent example. The old systems and procedures and the inherent delays have caused the loss of several projects to the country in the past, since tardy decisions had rendered the offers uncompetitive due to cost escalation. Hence what is needed is an aggressive approach to take maximum advantage of the opportunities. Obviously, in the international arena, what matters is the level of a nation's economic development and not its geographical magnitude or population.

Indian industry will have to improve its reputation of adhering to quality standards and should stick to stipulated delivery schedules. Failure to do this has been the principal causes for the low volume of exports to Iran, apart from the low quality and high prices of Indian goods which render them uncompetitive in the exacting international market. Iran is a complex market and without understanding the nuances of their cultural responses and commercial mores, negotiating business there can be a frustrating pastime.

One may stress here the importance of involving in this process Indian business houses which have long-standing experience and understanding of the region. The government of India needs to set up a cell comprising representatives of such business houses and government and semi-government agencies which could be soley responsible for identifying the thrust areas and monitoring the activities involved in order to ensure proper and timely execution of projects and contracts. This process would regain the confidence of these markets that was lost to the Indian business community.

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GODREJ & BOYCE

Why the change?

On 4 August 1988, the Consumer Durable Dealers Association (CDDA) of Bombay filed a complaint against the new distribution system of Godrej and Boyce Manufacturing Co Pvt Ltd with the Monopolies and Restrictive Trade Practices Commission (MRTP). The reason: from 1 July 1988, Godrej has revamped its distribution system scrapping agreements with its local dealers all over the country. Over 120 local dealers in Bombay have been affected by the decision.

The CDDA, a trade association with about 120 members engaged in the wholesale and retail business of consumer goods, has charged that Godrej's "sole intent and purpose to bring about a change in the marketing system is to exercise greater control over the wholesalers who are likely to be very few in number. This is to manipulate the prices of products manufactured by the respondent and to affect the delivery and exploit the consumer to the maximum extent by saddling them with unreasonable costs."

Godrej & Boyce has not yet replied to the charges, but in letters to its wholesalers it has maintained that "as per the advice received by us and the views expressed by the Collector of Excise, Bombay II, in discussion with us, we have decided to have a uniform pattern of sale throughout India."

Godrej & Boyce, which had a turnover of Rs.274.89 crores in the year ended June 1987, is a manufacturer of refrigerators (29 per cent), steel furniture (29 per cent), security equipment (8 per cent), typewriters (8 per cent), locks (8 per cent) forklift trucks (5 per cent) and chemical machinery (4 per cent). Godrej Soaps Pvt Ltd is a subsidiary of the company.

Up to July 1988, Godrej had a multichannel distribution system. It had approximately 170 wholesale dealers who stocked, sold and serviced a major portion of the Godrej range of Godrej products. In addition, Godrej had 25 branch offices which sold directly through the companies own showrooms and also through a network of 'local dealers' who were expected to act as 'canvassers' for orders, passing them on to Godrej. These local dealers did not stock products; if they had Godrej products it was only for display purposes. All final sales and service was handled by Godrej.

Godrej followed a policy of giving different trade discounts to its wholesalers and its local dealers. While wholesalers received between 15 and 19 per cent, local dealers received between 3 and 7 per cent. Godrej has had recurrent problems with the excise authorities as a result of its sales pattern. According to the companies balance sheet "show cause notices dated 9 July and 21 August 1987 were issued to your company by the central excise authorities for the alleged evasion of excise duty totalling Rs.14.09 crores... the charges inter alia relate to the flowback of consideration of advertising expenses, warehousing charges, service commission, etc, from the trade discount granted to wholesale dealers on sale of refrigerators and typewriters."

The company has denied that it has indulged in any wrongdoing. It however, determined that after 1 July 1988 there would be one wholesale price for all wholesale dealers. The concept of local dealers was to be scrapped. According to P.D. Lam, vice president, corporate service, "We are only doing what other manufacturers have already done".

Lam's assertion are hotly contested by members of CDDA. They point out that there is no uniformity of trade practice. According to Pheroz Bulsara, secretary of the association, "Other refrigerator manufacturers such as Kelvinator and Voltas continue to supply their products to dealers. Godrej cannot pretend that it is scrapping links with its local dealers just because other manufacturers do not have them — because they do!"

Bulsara is also perturbed by the cloak and dagger manner in which Godrej announced the new scheme. On 13 June 1988, the company informed its local dealers that their dealership agreements were expiring with the "efflux of time" and the company wished to implement the new system from 1 July 1988. Many of the dealers had been associated with Godrej for over a decade and pleaded for more time and more details about the new scheme.

The company was unwilling to delay the implementation of the scheme. It indicated that there would be two kinds of wholesale dealers. There would be wholesalers who would sell directly from their own counters and would receive a flat Rs.413 per refrigerator as commission. Then there would be wholesale dealers who would sell to their own local dealers. These wholesalers would receive Rs.70 in addition to the standard discount for the additional responsibilities they undertake. Both dealers would provide after sales service.

What CDDA is upset about is that Godrej has not, on paper, laid down the criteria for the selection of the new dealers. In a letter to Godrej, the association has claimed that the company told dealers, orally, that a dealer who sells directly would have to sell a minimum of 500 refrigerators a year; must achieve sales targets to achieve bonuses; provide a security deposit of Rs.30,000; take a minimum of a truckload or tempoload of stocks from the factory, and must maintain a minimum specified stock.

A wholesaler who sells to his own local dealers must undertake to sell 1,500 refrigerators and maintain a minimum security deposit with Godrej of Rs.50,000. According to Lam, the company has received such a letter but is unwilling to comment on it as the matter is sub judice.

Industry observers feel that the Godrej's new distribution system may help Godrej cut its costs by shifting responsibility for distribution and servicing dealers. While there was initial speculation that the change in the distribution pattern was due to advantages the company would receive on excise, this does not seem warranted. The excise duty on refrigerators and typewriters is specific rather than ad valorem and as Surjit Singh, Collector of Central Excise and Customs points out, as a result in future there should be no further disputes on the quantum of excise. He adds that in any case, the Central Excise authorities would never advise Godrej on how to sell their products. However, if Godrej has specified the size of orders which its new wholesale dealers have to take or linked its trade discount to the volume of sales which its dealers have to undertake this could be tantamount to an unfair trade practice.

Negotiations between Godrej and its former dealers have been so acrimonious that there seems little hope of amicable settlement. Godrej has for its part appointed 22 wholesale dealers in Bombay and claims that its sales in Bombay and in the rest of the country have been extremely encouraging. The next round in the conflict will be only resolved after the MRTP Commission gives its verdict, on the fairness or otherwise of Godrej's new distribution system.

■ EAPEN THOMAS

BOI'S ATM

A curious arrangement

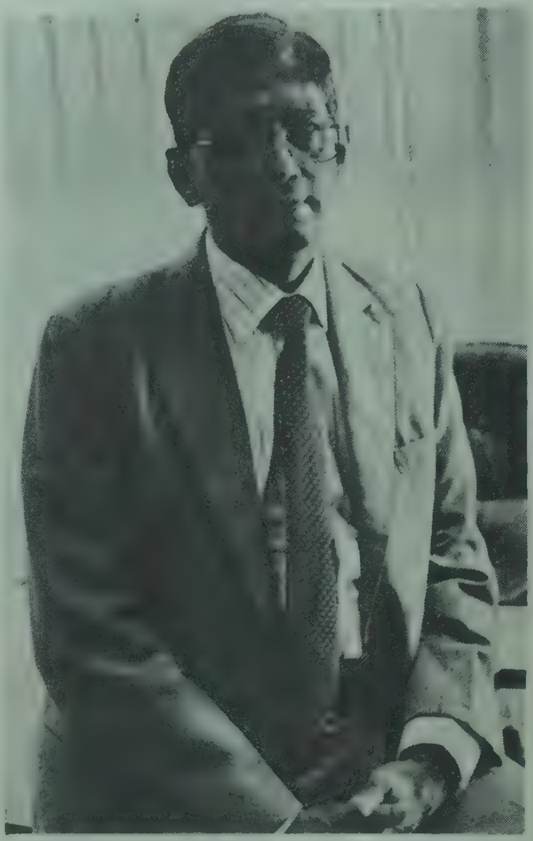
With the installation of an automatic teller machine (ATM) at its Mahalaxmi, Bombay branch, Bank of India (BOI) is the first bank in the public sector to offer the facility. Citibank and Hongkong Bank are the two foreign banks that have already installed ATMs in the country.

The BOI chairman, R. Srinivasan, terribly keen on having this 'first' to BOI's credit, explains how the bank did it. "If we had waited to get an import licence for the ATM and develop in-house expertise to run it, we would not have been the first. So we just bought a machine (for Rs.30 lakhs) off Citibank and used their know-how."

The ATM at Mahalaxmi allows a BOI customer to withdraw up to Rs.2,000 a day and deposit money round the clock. The machine is not branch specific, ie, it will allow customers of any BOI branch in Bombay to use it, provided the customer keeps with the bank Rs.20,000 in deposits (in any form). "We are very happy with the response," says an enthusiastic Anoop K. Sud, deputy general manager, in charge of computerisation, and the brain behind the ATM project. According to him, 300 applications have already been received for ATM cards making him quite confident of reaching a target of 500 in the first month.

Asked why it was so important to be first, Srinivasan fails to give a satisfactory answer. One of the reasons is probably that it establishes him as a 'doer'. But at what cost, ask several industry watchers. While customers are happy with this sign that BOI is the "bank that cares", others fear that with this stunt BOI has played right into the hands of Citibank, its partner in this venture.

In exchange for the know-how for installing and running the ATM, Citibank ATM card holders will also be able to access the BOI machine at Mahalaxmi. "The deal is weighted very much in favour of Citibank," says one foreign banker. As he points out, the arrangement amounts to subverting the RBI's restrictions on branch licences for foreign banks. For, the ATM installed by BOI is not merely a cash dispenser but an accepter of deposits as well, by cash or cheque, and thus is virtually a retail outlet for Citibank. Citibank allows BOI ATM card holders to access its machine at Nariman Point, Bombay, but as bankers point out, getting another outlet obviously means much more to Citibank, with its single branch, than it does to BOI.



Srinivasan: establishing himself as a 'doer'

Srinivasan believes that the latest (in a line of many say bankers) arrangement between the two competitive banks comes under the purview of a "normal correspondent banking relationship," with equal give and take. Sud even says that the deal if looked at as one that is between Citibank and the whole nationalised banking sector, is weighted very much in favour of the latter. "At the cost of one outlet to Citibank, the whole nationalised sector gains the know-how of ATM technology," he says. For BOI is now willing to share the expertise with all other public sector banks. In fact, Srinivasan is for public sector banks forming an ATM Corporation, which would install machines to be used by all public sector banks instead of duplicating efforts and cost in installing them seperately. So not only does BOI go down in Indian banking history as the first bank to install an ATM machine, it also sees itself as a pioneer in co-operative efforts of the kind. However, Vijaya Bank, another public sector bank has already entered into such an arrangement with Citibank for an ATM facility to be set up in Bangalore. Jerry Rao, country head of Citibank, says his bank is thinking of three or four such arrangements. Initially the bank will get its own network and then once an ATM Corporation is set up it can be a part of it.

Besides giving Citibank another outlet in the city, the new tie-up has yet another dimension which bankers are apprehensive about. Since Citibank has provided the know-how and there is a reciprocal arrangement, industry watchers feel that Citibank will have access to BOI's client data — something that all banks guard zealously.

Srinivasan however believes that the "gentleman's agreement" he has with Citibank will ensure that it will not poach on BOI territory. Moreover, Sud points out, enough security measures have been taken to ensure that neither Citibank nor BOI have access to each other's client data. "Unlike the current belief, Citibank will not be processing the transactions through the ATM," explains Sud. And BOI will be processing its ATM transactions itself. The print out will be processed manually and the debit or credit posted at the relevant BOI branch. (In fact it is because this process is not on-line that BOI insists on the minimum of a Rs.20,000 deposit.)

BOI will, however, till it gets itself an embossing machine, buy the ATM cards from Hongkong and get them embossed at Citibank, Bombay. "Our man will personally do the embossing at Citibank's premises and Citibank will not have access to any more detail than the name of the client and his code number, points out Sud. Skeptics are quick to point out that it will not be impossible for Citibank to decipher the code if it wants to know more than it should. Also, as the minimum deposit is Rs.20,000, only an elite clientele would be using the ATM facility and thus even just their names may be important information. A temporary advantage to Citibank till the public sector gets an embossing machine. In fact an earlier arrangement of BOI to use Citibank's Citicash Manager Facility for electronic funds transfer at its Opera House branch, had, according to many bankers, enabled Citibank to pick up a few leads regarding potential customers. When asked, Srinivasan said that he was not aware of any such arrangement in the first place, although other BOI officials confirmed that it does exist.

The BOI ATM arrangement has raised several questions which need to be weighed carefully before the ATM fad grips bankers and they rush to compete with BOI.

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Happy hour for hotels

At a convention of the Karnataka Pradesh Hotels and Restaurants Association held last month, the state's minister for information and tourism, P. Prakash announced that specific incentives for the tourism industry would be announced within the month. The announcement did not bring much cheer though. The state government owes Rs.30-33 crores to various industries as subsidies, incentives, rebates, etc. "In this situation, we can hardly expect very much to percolate into the hotel industry," says S.N.S. Rao, president of the association.

Such pessimism seems somewhat misplaced considering the fact that the state has been treating the hotel industry on a par with small scale industries. With sanction from the state department of tourism, the industries department has been disbursing a 15-25 per cent subsidy on a minimum investment of Rs.5 lakhs. (Industrial areas and districts were not eligible for the subsidy.) The department of tourism arranged to facilitate easy disbursement of loans from financial institutions.

With the promise of fresh incentives, the hotel industry can expect priority of land, telex and telephone allotment, concessional power tariffs, sales tax exemptions, etc. , The government is also to identify specific growth zones and categorise hotels for eligibility under various schemes.

All the same, there have been repeated complaints both from within the government and amongst the public that tourist potential in Karnataka has not been adequately exploited, and this has consequently affected the hotel industry.

Says R. Ramesh, a would-be hotelier, "If the government is indeed serious about its interest in the hotel industry, it would mean a big break for prospective hoteliers like us. But then again, we may just end up like the scores of small industrialists who had begun with promises of subsidies and incentives from the government but are now being hounded for non-repayment of loans simply because the government hasn't kept its promise first."

■ RUGMANI PRABHAKAR

Rajendra Vilas Palace Mysore: a big break for hotels

Dearer power

Most Keralites knew it was coming; it had been hinted at often enough. But when it did arrive there were more groans than smiles. It became clear that on the next trip to the electricity office one would have to carry along a fatter wallet.

The bearer of this unpleasant news was T. Sivadasa Menon, Kerala's minister for electricity. On 29 July he announced a steep hike in power charges that will hit a large variety of consumers, domestic and industrial. This will rake in additional revenue of Rs.36.77 crores in the eight months left in this financial year and Rs.73.20 crores in one full year.

Menon claims that his exercise is a mere "rationalisation" of charges that will neither affect small domestic consumers and agriculturists nor overly burden industrial consumers. He estimates that about 62 per cent of domestic consumers numbering 2.14 million will remain untouched. Of these about 850,000 will actually benefit from a reduction of rates. These are those in the first three slabs who consume less than 30 units of electricity per month. (A few years ago, the Kerala State Electricity Board — KSEB — introduced a multi-tiered system slotting consumers into various slabs of fixed charges calculated from their average monthly consumption.)

The rate for low tension supply, for

agriculture, remains the same at 12 paise per unit. Menon has also abolished connection charges for small domestic consumers, agriculturists and small shopowners using up to 50 units per month. By subdividing the category of commercial low power consumers, Menon has provided more attractive rates for small shops, banks and cinemas.

Industrial consumers, however, have not been spared. High tension (HT) and extra high tension (EHT) consumers will no longer have differential rates for imported and domestically produced power. Previously, imported power was available at 80 paise per unit. But now, from 1 August onwards, these consumers come under a flat rate ranging from 29 to 40 paise per unit plus a marginal increase in fixed amount per KV consumed.

Menon offers two reasons for the hike. The first is a conscious attempt to curb consumption. Kerala is no longer power-rich. It has in fact been facing a severe power crunch and has had to resort to loadshedding and power cuts (see States, *BI*, September 21-October 4, 1987). Yet neither demand nor consumption seems to be waning, despite anguished pleas from the KSEB.

Consequently, says Menon, this hike is meant to reverse the past policy of dangling low rates before consumers to encourage consumption and thus raise revenue. This was, of course, when Kerala had enough hydro-power to boast of a surplus. The rates revised in 1985 were low. They ranged from 43 paise per unit (for monthly consumption below 15 units) to 30 paise (for over 100 units). By increasing these rates, Menon hopes to discourage consumption rather forcibly. This is only one way of conserving scarce energy.

If conservation is one aim of the hike, the new tariff is unlikely to be reduced for a very long time. Menon himself is pessimistic about a power surplus in the near future. Even when the Lower Periyar and Kakkad projects are commissioned in 1991, they will only partially free Kerala from dependence on imported power. The state will still need thermal and nuclear sources, says Menon. The Left Democratic Front's despair about Kerala's power scenario is painfully evident in its recent call for the revival of the Silent Valley project, which was shelved as environmentally ruinous.

The second reason for the hike, according to Menon, is the 1984 amendment to Sec 59 of the Indian Electricity Supply Act, 1948. This makes it mandatory for SEBs to get a return of 3 per cent on net fixed assets. The KSEB now operates at a loss of about Rs.70 crores. (Past years did see some respectable results. In 1984-85 the KSEB achieved a 3 per cent surplus. The next year it touched 5.1 per cent.) The KSEB had intended to raise the rates last year and thus earn an additional Rs.18.5 crores in 1987-88. This could not be done due to the power shortage.

Despite the present hike, the KSEB will end 1988-89 with a loss of 12.06 per cent or Rs.56.12 crores. The next year it anticipates a profit of about 0.5 per cent or Rs.2.59 crores. In 1990-91, KSEB expects the additional revenue to be Rs.87.31 crores. This will yield a profit of 2.53 per cent or Rs.14.75 crores.

Menon claims that the tariff hike will not push up prices because the productive sectors of the economy, like agriculture and industry, have been shielded. At any rate, he stresses, Kerala's electricity charges are still lower than those of Maharashtra, Tamil Nadu, Andhra Pradesh and Karnataka .

Nonetheless, not everyone is buying Menon's arguments. The Kerala HT and EHT Industrial Electricity Consumers Association disputes the claim that industry and cost of living will remain untouched. The association, which represents most consumers in the Cochin-Kalamassery industrial belt, says that the revised tariff implies an additional burden of Rs.93 crores when compared to the notified tariff prevailing until July 1986, or Rs.55 crores compared to the cost of power prevailing since October 1986.

The association fears the hike will inflate the electricity bills of energy-intensive companies. For instance, Indian Aluminium Co's annual bill will swell to about Rs.2.13 crores, seven times higher than its 1980 level. Similarly, the increase for Travancore Cochin Chemicals will be from Rs.8.4 crores to Rs.13.2 crores from Rs.3.36 crores to Rs.5.88 crores for Carborundum Universal and from Rs.46 lakhs to Rs.1.04 crores for FACT's Udyogamandal division.

The association points to two factors that will puff up the total power cost. One is the cumulative impact of the rise in demand and electricity charges, and electricity duty of 30 per cent ad valorem. The other is a continuation of a surcharge in place of the central excise duty. This levy of 2.5 paise per unit was abolished by the union government in October 1986. Consequently, says the association, most states removed it from the energy cost structure — except Kerala.

The association argues that the various industrial disadvantages of Kerala (logistics, high labour cost, etc) can be partially offset only by an attractive electricity tariff. This now appears unattainable. Today's conditions, claims the association, prevent Kerala's industrial consumers from paying a total price beyond 40 paise per unit. Further, the hike comes close on the heels of the power cut and the high cost of imported energy.

The new tariff will render many medium-sized units sick, warns the association. It has urged the state government for a meeting to review the hike. The Ernakulam Merchants Union has also called for a reconsideration. It is learnt that Menon has agreed to meet these disgruntled consumers, despite the association's figures and computations being hotly disputed by the state government. Few are willing to accept that industrial consumers cannot absorb these "marginal" increases. One top official dismissed as ridiculous the association's claim that the total power cost had increased by 250 per cent in the past two years.

Some other reactions were predictable. For the state's opposition this was a political gold mine. Ramesh Chennithala, state president of the Youth Congtress (I), declared that the hike will close Kerala's doors to industrialists. M.S. Rawther, secretary of the Kerala Electricity Board Workers Union, affiliated to INTUC (I), said that the tariff hike will only fill the coffers of the state exchequer and not those of the KSEB. This, according to him, is because the government has merged the fixed charge with the energy charge. By levying excise duty on this combined amount, the government will get Rs.15 crores as additional excise duty from low tension consumers and Rs.40 crores from HT and EHT consumers. Add to this Rs.25 crores as surcharge and the total amount that will go to the Kerala government is Rs.80 crores. But the KSEB's gain will not be as substantial.

It is learnt that Menon will soon announce some concessions. For instance, since imported power was previously spared the 30 per cent duty, the government is now thinking of reducing the duty for the flat rate. Sops like these might pacify industrial consumers for some time. In any case, they realise they cannot hope for cheaper power elsewhere. That, of course, is no pardon for the KSEB's lack of foresight in not planning for increased demand.

■ K.G. KUMAR

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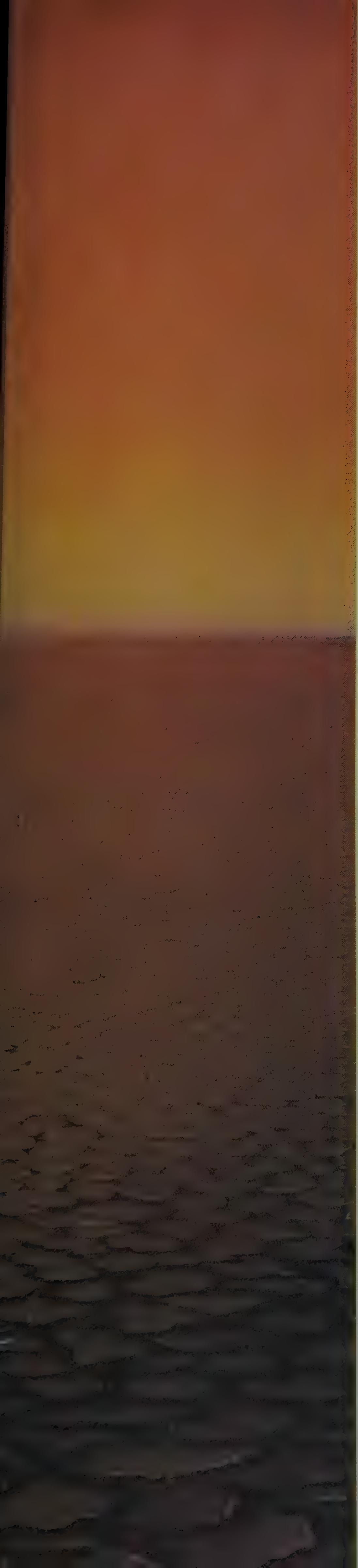

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EXPORT DEDUCTION

Free for all

The government had realised several years ago that a boost to exports was needed and sought to provide it in the form of various measures like export packing credit facilities, cash subsidies and tax incentives. Between 1968 and 1983, the Income Tax Law contained a provision for weighted deduction in respect of expenditure incurred for export promotion. Later, the incentive was replaced by another type of deduction linked to export earnings, allowed under section 80HHC of the Income Tax Act.

The quantum of deduction has undergone a change virtually every year after its introduction in 1983. In respect of the current financial year, section 80HHC provides for deduction of 100 per cent of export profits. There are also two more relevant deductions, namely, section 10A which provides for 100 per cent exemption for five years to units set up in Free Trade Zones (FTZs) and section 10B which provides for similar exemption to 100 per cent export oriented units (EOUs).

However, there are several differences between the general deduction of exports, namely, section 80HHC and exemption to FTZs and EOUs. For one, section 80HHC applies to all exporters, even though exports may be a small proportion of their business. The deductions under section 10A (FTZ) and section 10B (EOU) require a separate unit, which is not necessary in the case of a claim under section 80HHC. For another, section 80HHC bases the deduction not on actual export profits, but as per a proration formula. This distinction is very significant. And finally, profits of EOUs or units in FTZs are totally exempt compared with tax payers claiming section 80HHC, which provides for a deduction. This is important as will be seen later.

Section 80HHC provides for deduction of 100 per cent of export profits in the computation of taxable income. The deduction is available to all assessees engaged in exports and is not restricted to manufacturers or export houses or trading houses. Exports of all products qualify for the deduction, except for export of mineral oil and minerals and ores.

It has been clarified by the Central Board of Direct Taxes (CBDT) that exports of cut and polished diamonds does not amount to exports of "minerals and ores" and, therefore, such exports will qualify for export deduction.

An important condition in order to avail of the deduction is that the sale proceeds must be receivable in "convertible foreign exchange". Here again, the requirements of the section have been watered down, vide a press note issued by the CBDT, to the effect that receipts of sale proceeds in non-convertible Indian rupees from bilateral account countries (for example, Russian roubles) will be treated at par with sale proceeds received in convertible foreign exchange.

The recent amendments to section 80HHC are basically in three important areas. First, the earlier deduction was 4 per cent of the "net foreign exchange realisation" plus 50 per cent of the balance export profits. This has been increased to 100 per cent of the export profits. Secondly, a circular had earlier been issued enabling export houses and trading houses to pass on the benefits to supporting manufacturers. This has now been formalised by necessary amendments. Thirdly, the necessity to create a reserve for the deduction claimed has been done away with.

The increase in the quantum of deduction will certainly give a boost to exports. However, it is equally true that there may be several undesirable fallouts of this deduction. For one thing, there are various exports which have got a low value added content. For example, in the case of diamonds, raw diamonds are imported from abroad and then exported in a processed form. Even though the value added is low, the entire export profits will be considered as exempt, although the net foreign exchange inflow may be very little.

Again, it is possible that laundering of money lying abroad will increase in the form of over invoicing of exports. It is a well-known fact that a large amount of money belonging to Indian businessmen is stashed abroad. This could represent commission earned and not repatriated, kickbacks from foreign imports, etc. A significant reason for this concealment of such income and other resources is the tax rates and the foreign exchange policy of the government, whereby foreign exchange is released subject to stringent restrictions. It is possible that the 100 per cent export deduction will encourage businessmen to bring in the money which was hitherto lying abroad. This could be crucial, particularly when viewed in the light of the failure of the FERA Amnesty Scheme.

A further effect of the liberal deduction is that businessmen and other taxpayers, who were hitherto not engaged in exports, may be encouraged to do so. It is known that there are exporters who are not making profits and who have got large amounts of brought-forward losses. Since the deduction under section 80HHC is dependent on the availability of profits, these companies would be denied the benefit which they would have got (had there been profits after setting off the losses). Accordingly, other profitable companies may "buy over" exports from these loss-making companies and claim the export deduction. It is very important to note that the deduction of exports is based on export profits which does not represent the actual export profits, but is based on a proration formula based on the ratio of export turnover to total turnover. This can be illustrated thus: Suppose a company 'X' has a turnover of Rs.10 crores and a profit of Rs.1 crore (both local). Assuming that it "buys" exports of Rs.5 crores and sells the same at Rs.5.08 crores, its actual export profit is only Rs.8 lakhs. However, since the export turnover is 1/3 of the total turnover, Rs.36 lakhs (1/3 of Rs.1.08 crores) will be considered as export profit and will be treated as fully deductible.

The minimum tax on book profits (section 115J) does apply to export profits deductible under section 80HHC and, therefore, if the deduction under section 80HHC reduces the taxable income below 30 per cent of "book profit", the company would have to pay the tax on 30 per cent of "book profit". This restriction is not applicable to non-corporate bodies. The government has promised to delete section 115J in its applicability to section 80HHC, but no amendment has still been carried out. It may be noted that the minimum tax on "book profit" is not applicable to units in FTZs/EOUs claiming the exemption under section 10A/10B, because, such incomes of units in FTZs/EOUs are totally exempt from tax, as distinct from incomes which are deductible in the computation of taxable income.

There is no doubt that the deduction is a well-meant one. However, the Indian mentality being what it is, there are considerable chances of misuse. One can at least derive some comfort from the fact that money lying abroad is likely to be brought in, in the form of export sales and at least to that extent the objective of foreign exchange in-flow will be met! ■

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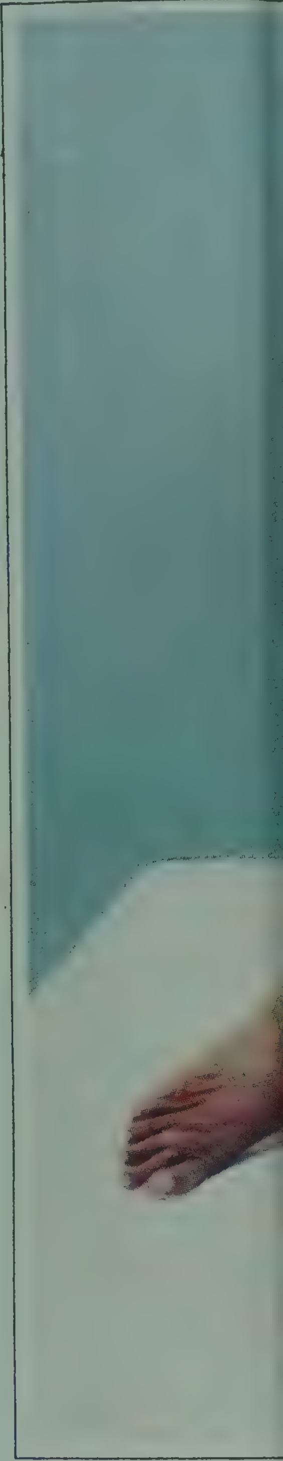

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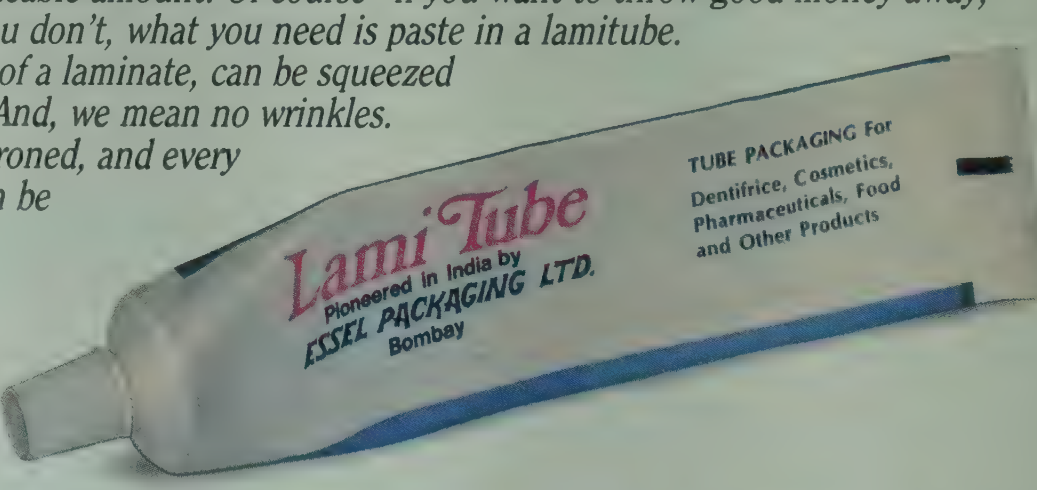

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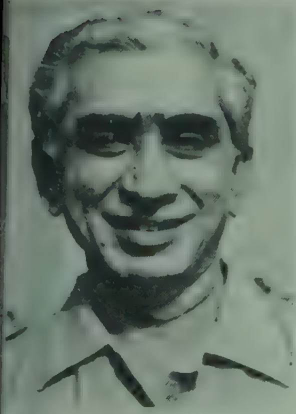

ASWANT SINGH

Outrage in Nagaland

"All of these tribes... though individually fierce and impatient of control are living under a patriarchial system of government, which... however imperfect, is found sufficient to preserve the social compact...."; Capt. Boileau Pemberton, of the Surveyor General's Department, in a report dated 21 September 1835.

General K.V. Krishna Rao (retd), in August of 1988, almost 150 years after the Pemberton report, by recommending a dissolution of the Nagaland Assembly, has caused what could amount to an irreparable wrong to precisely that "social compact" of which the early captain had spoken so approvingly. As governor of Nagaland, Krishna Rao has of course, put another nail in the coffin of the high office that he holds. Given however, the long history of debasement of this office, it is not a 'first'; what is a dubious 'first' against his name is this consequential and gross politicisation of the office of the Chief of Army Staff. It makes me wonder — will we not stop anywhere? And all for this hoax called politics.

What then are the facts that make us wonder so? Nagaland went to the polls in November 1987. Huge sums of money were spent during these elections; some estimates placing the expenditure at Rs.8 crores (the population of Nagaland is around 800,000). In a 60-member assembly, the Congress then won 34 seats. The principal party in the Opposition, the Nagaland National Democratic Party (NNDP), got 16, the Nagaland People's Party (NNP) got one, and there were a few scattered independents. Hokishe Sema, who had been moved from his office as the governor of Himachal Pradesh, via the Rajya Sabha was 'installed' as the chief minister of Nagaland just before these elections. He formed the new government as well. On 31 July, while he was away in Japan, idling his time at state expense on the Festival of India, 13 legislators of the Congress, including four ministers of the Sema cabinet, resigned their membership of the party announcing the formation of a separate legislative body, terming it as the 'Nagaland Regional Congress'. Simultaneously, Vamuzo Phesao of NNDP, announced the formation of a Joint Regional Legislative Party comprising the Nagaland Regional Congress (13), the NNDP (16) and some other independents, taking their strength to 35. Vamuzo, unanimously elected as the leader of this 'party', staked his claim of majority in the assembly. The Speaker of the Nagaland Assembly, in the meantime, had granted recognition to the 13 legislators who had left the Congress. He thereby conceded two important constitutional requirements: firstly, their recognition as a separate political party; two, an explicit condonation from the consequences of the Anti-Defection Act (being more than a third of the strength of the Congress legislative party).

Hokishe Sema, understandably if somewhat sadly, had to cut short his interesting visit to Japan. The union home minister, Buta Singh, in that quaint cliche of our reportage, 'air-dashed' to cloudy Kohima, accompanied by another minister of state, Rajesh Pilot.

For a whole week, only anxious uncertainty and constant bullying by the home minister prevailed in Nagaland. Buta Singh, indeed, went to the extent of publicly announcing that if the Congress could not rule in Nagaland, then no one else would either. When this did not work, Hokishe Sema, who had by his own admission already lost his majority in the assembly, recommended its dissolution to the governor — a minority recommendation. At this point Krishna Rao duly complied with what had been asked of him by Delhi — President's rule and dissolution of the Assembly. Our President, bound by Article 74, dutifully signed the proclamation. Within eight months of a 'famous' Rajiv victory, a product of it, the Nagaland assembly, stood dissolved.

There are very many, very grave wrongs in this sorry account. That in addition, Krishna Rao ought to have chosen to pass judgement on extraneous issues, and upon individuals, in language bordering on the hysterical, is truly most unfortunate. He sat upon judgement on the conduct and bona fides of the Speaker of that Legislative Assembly, which role or function a governor just does not constitutionally have. Commenting on the legislators who had left the Congress, he termed their conduct as "against the Naga character and tradition" (how?). Piteously he then complained that these members had resigned "without informing the chief minister in advance" (if resignation is not informing, then what is it?).

Yet again we have grossly perverted the Constitution. Why could Krishna Rao not have summoned the Nagaland Assembly immediately and let the matter of numbers be resolved on its floor? Yet another misapplication of Article 356 of the Constitution (by now around the seventy seventh in the past 40 years) has taken place; yet another politically partisan misuse of the provisions of President's rule inflicted upon the Union. In the words of a former governor of that state, who wrote me an anguished letter following upon this declaration, "It is not only a constitutional outrage, but an act of incredible unwisdom. I say this on the basis of my eight years experience in dealing with Nagaland, in my capacity as the governor of that state."

he author is a
ember of Parliament

BUSINESS SCIENCES

A centre for advanced studies?

The developed and the developing worlds have a multitude of institutes of management providing basic teaching courses in business management. Some of these even have ongoing applied research programmes in marketing, finance, organisation and human resource development. Throughout the developed world there are a number of centres for advanced studies, many of which deal with philosophy and other arcane subjects. But nowhere is there a centre for advanced studies that is dedicated to the business sciences. Perhaps, due to the perception that business still falls into the realm of the "black arts".

India, in the last 40 years, has developed a huge pool of human skills, a diverse entrepreneurial culture and an industrial infrastructure of major, minor and in-between, heavy, light and medium businesses which run the spectrum from so-called high technology through retail hawker stalls; and all this alongside a scandalously low productivity of capital and labour resources, an explosively growing unemployment and a patchy performance of "Harvard" inspired growth centres in the form of backward area development. There is very little known to guide the input-output performance and no proacative mechanisms to ensure time- and cost-bound performance.

India needs to move from the stage of the dung fired cooker to that of the streamlined energy-efficient pressure cooker of business enterprises. It must telescope the time that the developed world took to achieve this transition via the "black arts" route. India needs to develop a design and engineering technology for business enterprise creation. Due to its already high and growing productivity, the developed world is inadequately motivated to undertake this task. No better place in the world to locate such a centre for advanced studies than India.

To develop the disciplined body of knowledge needed for such a business enterprise technology, fundamental research will be needed to span objective human resource rating and its relationships to enterprise size and size distribution and the quantitative effects of environmental resistance. In short, a more quantified input-output matrix to achieve replicable results for optimised resource useage. What mix of inputs of population adjustment, roads, transport, schools, housing, communications, information, training, financial intermediaries, "mother" industries and other infrastructural facilities will yield a desired number and size distribution of business enterprises, a desired employment rate of human population and production volume in a specified time. Such a research effort has not been attempted, worldwide. For those interested in a conceptual outline of such an inter-disciplinary research programme, reference may be made to a paper entitled "Entrepreurisation of a developing economy — towards a unifying theory with physical particulate processes", which appeared in the *Chemical Engineering World* dated March 1976 (pp 61).

To mount such a research effort, it will not be adequate to put together a faculty of business management teachers and researchers drawn from the teaching faculties of basic courses of finance or marketing on normal rotation. The processes involved are infinitely more complex than those of the physical sciences known to us today and span the interaction of human behaviour, enterprise characteristics, environmental resistance, physical processes and the emerging science of chaos. Such an effort will need a faculty comprising the rarer breed of people with inter-disciplinary skills and led by those with visionary zeal. People academically qualified in the socio-economic, behavioural and physical sciences; mathematics in business management and enterprise or the reverse of this.

An institution that becomes the melting pot, think-tank and breeder of such skills would be a centre for advanced studies dedicated to the business sciences. It will need to understand the processes which generate the high achievers and the efficient enterprises, communicate findings to the normal teaching institutes, its own advanced student body and the business community at large.

The breeding ground for such a centre is, logically, an existing institute of management or university business school. But it must remain autonomous therefrom to avoid cross-contamination of the rigidly structured and the creative thought cultures. IIM, Ahmedabad; Bajaj Institute, Bombay and the Hyderabad Staff College, as such "mother" institutions, come readily to mind. To achieve maximum cross fertilisation of human minds, such a centre is best conceived as a joint venture of the "mother" institutions, the public and private business communities and the premier financial institutions. The initial corpus of funds needed would be Rs.5 crores and would have to be raised from the joint venture particpants, the Consolidated Fund of India and UN agencies concerned with a pioneering effort worldwide with major benefits potential for a host of developing countries.

Such a centre for advanced studies needs to be located in a non-urban academic environment conducive to attracting senior creative talent. It must however, be within easy reach of its "mother" institution and the urban business community which it hopes to serve The faculty talent to be sought is rare worldwide and the shiboleths of restricting the search to India and proscribing o collaboration with foreign institutions will need to be shed in this programme

There is no such known institution worldwide and, therefore, no ready mode to guide the effort. India must innovate its own to serve as a model to other countries of the developing world. We must, however, not hesitate to draw on the experiences of other country institutions which have operated in related areas of endeavour. The Cranbrook Institute of Technology, UK, the MIT Enterprise Forum, USA, Cal-Tech Institute USA, come to mind. But the net must be cast wide to pull in all the best available talent and relevant experience. The costs must be paid, the quality must be assured and the course must be set from inception to achieve excellence.

Some of the approaches outlined wil be unfamiliar to the "beaten path" preferences of the Indian business, academic and financial communities. They are likely to draw flak. But if they serve to provoke the serious readers to look at things differently and perceive that it is time for Indians to innovate new institutions to suit their own developing world cultures, there is hope that India wil begin to undertake research and development with a potential for global impact

■ G.A.MIRCHANDAN

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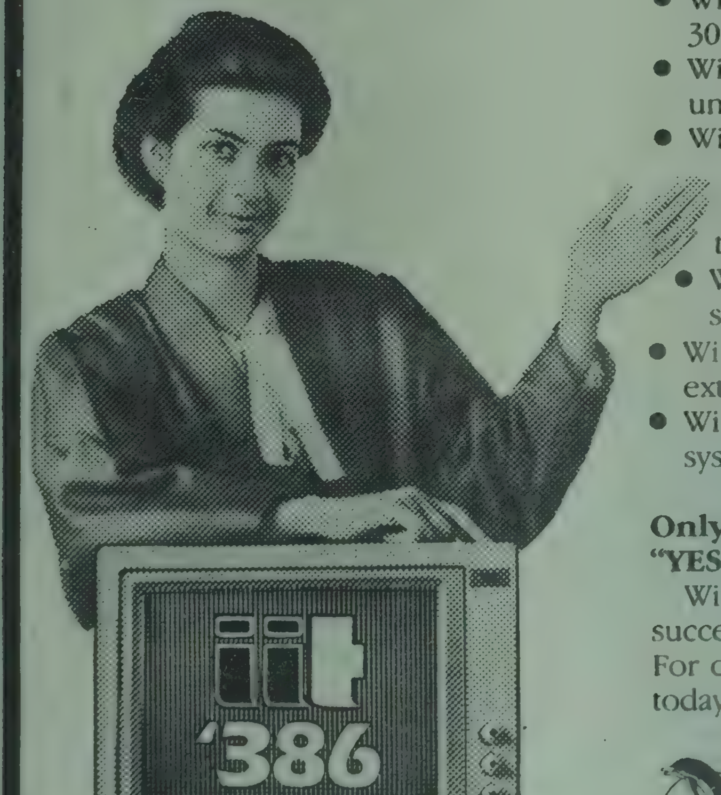

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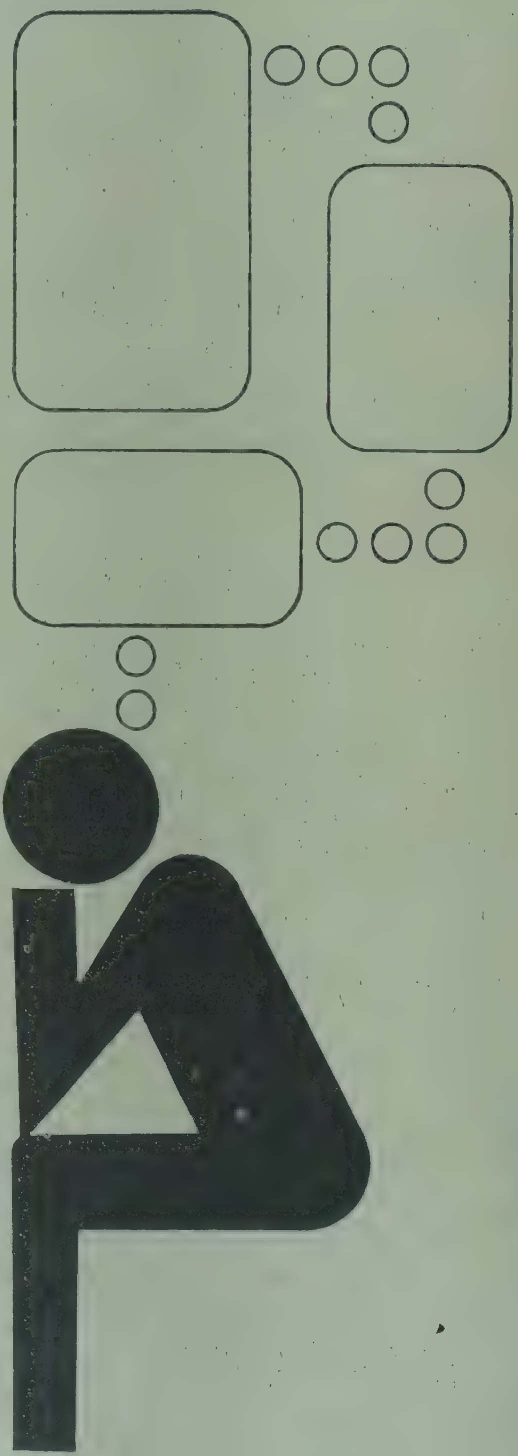

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FACTORIES (AMENDMENT) ACT, 1987

Let's set about implementing it

Clearly, the Factories (Amendment) Act, 1987 is an attempt by the government to prevent disasters like those which occurred at Union Carbide and Sriram Foods. The historic judgement of the Supreme Court in the oleum leakage incident at the Sriram factory had forewarned managements across the country that, henceforth, they would be held responsible for all accidents in industry.

According to the provisions of the Act, the "occupier" is held responsible for the safety of employees and people living in adjacent areas and for the protection of environment during manufacture, storage and transportation. The occupier and factory manager are now responsible for safety in industry with increased severity of punishment by way of imprisonment and fines for any lapses.

In one stroke, the safety standards of industry in general, and the chemical industry in particular have been raised from those prevailing in 1948 when the Factories Act was introduced, to those prevailing in the West today.

There is still some confusion about the definition of "occupier". Managements are also worried about the capital investment needed to meet all the requirements of the Act. Union Carbide has preferred to close its petrochemical operation rather than assume all responsibilities. But managements have to stop thinking of safety in terms of cost benefit ratios. As such, a national debate on industrialisation and the role of government is urgently needed. A dialogue needs to be initiated with the government for soft loans and tax benefits for safety measures.

Government has the most crucial role to play in this regard, both at the central and state levels. Its role does not end with the enactment of an Act or the introduction of rules at the state level. Government is solely responsible for problems faced in implemention of the provisions in the Act. On the other hand, it is the responsibility of the occupier to draw up and implement on-site and off-site emergency plans.

Besides predetermined evacuation procedures, the three important facilities needed in an emergency are communicaions, hospitals, and a fire brigade. In harp contrast are facilities available at he three major chemical industry zones in India: the Trans Thane Creek Industrial Area (TTC), New Bombay; GIDC, Ankleshwar, Gujarat; and MIDC, Roha, Maharashtra.

Till 1985-86, when the electronic exchange was commissioned, there was virtually no telecommunication link between TTC and Bombay. The only way one could communicate was by going to Chembur to make a phone call. Communication between GIDC and Bharuch (where all the managers stay) is primitive. As for Roha, it is totally cut off.

None of these areas have well-equipped hospitals either public or private, to treat occupational diseases and cases of chemical accident and chemical poisoning.

The fire brigades in these areas lack the modern equipment required to fight chemical fires. All they have is fire tenders. It is a cinch that none of them have flameproof suits or self-contained breathing apparatus, both of which are a must if a chemical fire is to be approached.

And then there is the question of training. One wonders when our fire brigades will stop spraying water on each and every fire. A recent fire in a chemical store in Dharavi, Bombay, was obviously aggravated by spraying water on it. This should be an eye-opener. But, will it? For a country of our size, it is regrettable that there is only one school that imparts training in fire fighting techniques.

Disaster at Union Carbide

As for the exercise of evacuation, it seems to be nobody's baby and is almost always left to the mercies of chaos.

We are talking about areas where industrial development corporations are directly responsible for providing infrastructural facilities. If the occupier is responsible for preparing and implementing an emergency plan for these areas, is it up to him to provide the necessary facilities?

Has the labour ministry asked one of its agencies to prepare a report? A report that would include the current status of facilities available in different industrial areas; additional facilities needed areawise; additional investment needed to provide facilities and the time required to implement them; and identification of problem zones where measures like relocation of industries are urgently needed.

This is the responsibility of government if it is really serious about implementing the Act.

If there is one party which has got rights but no responsibilities it is labour. Considering the vote bank that labour constitutes it is not surprising. Let us keep aside these political considerations and look at the role that unions should be playing, of course, voluntarily.

They could start by asking members to use all personnel protection equipment like safety shoes, goggles and helmets. It is not unusual for one to see helmets and gloves lying in storm water drains, on pipe racks or in pools of effluent discharge. There is no point in unions asking for an allowance for shoes; they should insist instead on being supplied with safety shoes directly. A cash allowance has seldom been utilised to buy safety shoes.

Unions would do well to conduct independent studies at their own expense to assess safety standards and the occupational health needs of their members. They should enter into a meaningful dialogue with managements on these aspects. With the considerable funds at their disposal, this is not a tall order.

If such ideas are to be implemented, it will become necessary for some of our union leaders to give up their political ambitions and roles and concentrate on constructive trade union activities. Is anybody listening? ■

N.V.BADAMI

Telco

Cost reduction measures and higher sales volume improves profitability; demand for LCVs picks up; collaborating with Daimler-Benz for export model

Telco, India's automobile giant, has recovered from its poor performance in 1986-87. In the year ended 31 March 1988, various cost reduction measures (resulting in a saving of Rs.24 crores) and higher sales volume contributed to improved working. The equity dividend, which was pruned to 10 per cent (against 23 per cent in 1985-86), was restored to 23 per cent. In the Indian private sector, Telco ranks second in terms of sales next only to Tisco.

Telco's turnaround during 1987-88 was taken for granted when it earned a net profit of Rs.3.20 crores in the first half of the year compared with a net loss of Rs.10.3 crores in the first half of 1986-87. The scrip almost doubled in less than six months after the half year's results were out. Further, Telco's second half year always shows a better performance. Total income was up by 17 per cent to Rs.1,402.55 crores. Gross profits improved by 187 per cent and the bottom line by 820 per cent. This led to an improvement in gross margin to 5 per cent (2 per cent) and net margin to 2.1 per cent (0.02 per cent).

More impressive is the substantial reduction in working capital by Rs.145 crores despite higher sales. The reduction was effected by speedy collection from debtors and reducing the average number of days inventory was held.

		(Rs. crores)
Year ended 31 March	**1988**	**1987**
SALES & OTHER INCOME	1,402.55	1,196.89
OPERATING PROFIT	148.85	96.01
INTEREST	77.58	71.51
DEPRECIATION	38.22	21.57
PRE-TAX PROFIT	32.05	2.93
TAX	5.10	—
NET PROFIT	26.95	2.93
EQUITY CAPITAL	62.97	53.18
RESERVES & SURPLUS	174.91	158.86
LOAN FUNDS	444.06	534.76
NET BLOCK	410.92	374.38
NET CURRENT ASSETS	222.81	367.53
EPS (%)	42.80	5.50
DIVIDEND (%)	23.00	10.00
MARKET PRICE (Rs.)		
CURRENT	680.00	
1987: HIGH	665.00	
LOW	330.00	

The light commercial vehicles (LCV) division, which did not recover initial development and launching expenses during 1986-87, has captured as much as 20 per cent of the LCV market (1986-87 : 8 per cent). The division achieved a 75 per cent increase in its sales volume at 8,830 vehicles (5,045). In the current year, it plans to sell 15,000 LCVs. The all-India LCV market recorded a growth of 17 per cent with total sales of 42,869 vehicles. Telco occupied number two position in terms of volume sales (the leader being Bajaj Tempo, sales: 16,482 vehicles).

In the medium and heavy commercial vehicles (M&HCV) market, Telco is the leader with 73 per cent of the market share. Ashok Leyland, with a 26 per cent market share, comes next. The growth of the M&HCV market at 7 per cent compares favourably with the 1986-87 growth rate of just 2 per cent. Telco sold 49,338 pieces (45,709) in this category. Since April 1988, following the hike in steel prices, Telco has raised the prices of all its models. The production of the Tatamobile (206 pick-up) is reported to be fully booked. The model was developed in less than two years.

Exports went up by 31 per cent to Rs.50 crores. Telco is collaborating with the world's largest truck manufacturer, Daimler-Benz of West Germany (which has a 11 per cent equity stake in the company), to produce trucks. The high production costs and hardening of the deutschmark has made exports from West Germany costlier. This must have pushed Daimler-Benz into collaborations with its associates world wide. Telco plans to export about 5,000 vehicles initially, valued around Rs.100 crores. Telco will also have access to Daimler's latest technology.

The current year's prospects are encouraging. The demand for trucks is brisk. During the first quarter of the current year, Telco has sold 10,058 vehicles against 7,892 vehicles in the corresponding period of 1987-88. It has projected sales of Rs.1,600 crores in the current year. Chairman Sumant Moolgaokar indicated that he would be retiring shortly; Ratan Tata, who succeeded Nani Palkhiwala as deputy chairman, will probably take over.

Sandoz

Sales up but profits decline; dividend maintained

		(Rs. crores
Year ended 31 December	**1987**	**198**
GROSS SALES	98.03	91.8
OTHER INCOME	4.65	4.8
OPERATING PROFIT	8.17	8.0
INTEREST	3.29	2.4
GROSS PROFIT	4.88	5.6
DEPRECIATION	2.72	1.8
TAX	0.20	1.0
NET PROFIT	1.96	2.7
EQUITY	5.30	4.5
RESERVES	19.68	16.3
NET BLOCK	17.45	9.5
NET CURRENT ASSETS	28.81	28.4
EPS (%)	37.00	55.8
DIVIDEND (%)	16.00	16.0
MARKET PRICE (Rs.)		
CURRENT	68.00	
1987: HIGH	140.00	
LOW	58.75	

For Sandoz, 1987 was not a particularl good year. Though sales increased t Rs.98.03 crores (previous year: Rs.91.8 crores), a rise of 8 per cent, net profi declined to Rs.1.96 crores (Rs.2.78 crores)

The main reason for the fall in profit was the bad performance of its pharmaceuticals division. The voluntar withdrawal of the Intestopan range coul not be made up by the company's existin product lines.

The company has received letters of intent for the manufacture of Thioridazin — a bulk drug presently being importe and Pindolol — a bulk drug, and its formulations. The sales of the chemicals division improved by 14 per cent over th previous year, but margins were unde heavy pressure because of heavy competition and exchange fluctuations. Th company now hopes to get into mor profitable segments in this field — oil field chemicals and speciality leathe chemicals.

The saving grace, for the company wa its agro-chemicals division, whose sale jumped by 36 per cent; however, profit did not keep pace. Demand for its Ekalu reached record levels but could not b fully met due to non-availability of ra materials and capacity constraints. A letter of intent was received for the manufacture of a new insecticide, Fluvalinate and its formulations.

The company's new plants at Panoli Maharashtra, which will manufactur agro-chemical intermediates and leather chemicals, is ready for production. They will add substantially to the sales in the current year. The Thane, Maharashtra, plant is being modernised. The company's R&D centre has developed soya-based products which are now in the testing stage. Sandoz is one of two FERA companies permitted to produce high-yielding hybrid seeds.

The company's sales in the first four months of the current year at Rs.31.3 crores are 11 per cent higher than in the previous year.

Dunlop

Improved profitability; investment in new technology pays off

The performances for the two years ended March 1987 and March 1988 are not comparable because the financial year ended March 1987 was 15 months long. The dividend declared is 30.5 per cent, which is much higher than that in the previous 15-month period (22.5 per cent). On an annualised basis, the turnover increased by 11 per cent and profit before tax by 83 per cent.

The investment in new tyre technology, acquired from Sumitomo of Japan about three years ago, is finally paying off. There was a reduction in wastage and both productivity and production efficiency have improved. However, turnover would have been much higher, had the Sahagunj, West Bengal, unit not remained shut for a month during April 1987.

		(Rs. crores)
Year ended 31 March	**1988**	**1987 (15 months)**
GROSS SALES	423.99	472.10
OTHER INCOME	6.27	11.24
OPERATING PROFIT	50.84	42.63
INTEREST	10.65	11.85
GROSS PROFIT	40.19	30.78
DEPRECIATION	13.43	12.50
TAX	6.55	4.80
NET PROFIT	20.21	13.48
EQUITY	18.99	18.99
RESERVES	60.53	50.10
NET BLOCK	66.24	70.44
NET CURRENT ASSETS	60.38	53.24
EPS (%)	106.42	70.98
DIVIDEND (%)	22.50	30.50
MARKET PRICE (Rs.)		
CURRENT	77.50	
1987 HIGH	83.00	
LOW	71.00	

The company has bagged a major order worth Rs.30 crores for supply of steel cord conveyor belting to Neyveli Lignite Corporation against stiff international competition. The company has also received repeat orders from Paradip Port Trust and Visakhapatnam steel plant for supply of steel and conveyor beltings.

The company's exports at Rs.16 crores for the year under review showed an impressive growth of 16 per cent. Dunlop has also emerged as a major original equipment supplier to Maruti with a 27 per cent share of the total components the car manufacturer buys.

The average sale price per automotive tyre was Rs.1,365 (previous year: Rs.1,285) and that of conveyor steel cord belting Rs.1,350 per metre (Rs.1,105 per metre). The modernisation project for automotive and industrial fans and V-belts, in collaboration with Mitsubishi Belting, Japan, is progressing satisfactorily; it is expected to be commissioned during the latter part of this year.

The present situation of the tyre industry is not very encouraging. The threat of free imports has already resulted in a reduction of prices in the domestic market.

Whether the recent induction of Kishore Chhabria on the board will lead to a power struggle or a fruitful partnership continues to be a matter of speculation.

Gujarat Steel Tubes

Encouraging performance; higher input costs; exports move up

The company increased its sales by 16 per cent to Rs.97.87 crores (previous year:Rs.84 crores). The operating profit is up by only 6 per cent but the gross profit increased from Rs.2.37 crores to Rs.3.04 crores. Net profit is Rs.1.59 crores (Rs.1.08 crores).

The company has done well by increasing the production of water and gas tubes by 9 per cent compared to last year. This was achieved by better inventory management and process improvements.

The gap between demand and supply of hot rolled coils, the principal raw material, is becoming wider. Imports were canalised through MMTC during the year. The cost of imported hot rolled coils too is galloping.

		(Rs. crores)
Year ended 31 March	**1988**	**1987**
GROSS SALES	97.89	84.21
OTHER INCOME	0.22	0.95
OPERATING PROFIT	7.14	6.72
INTEREST	4.10	4.35
GROSS PROFIT	3.04	2.37
DEPRECIATION	1.33	1.29
TAX	0.12	—
NET PROFIT	1.59	1.08
EQUITY	4.60	4.60
RESERVES	8.90	8.00
NET BLOCK	22.37	23.25
NET CURRENT ASSETS	22.40	19.56
EPS (%)	35.00	23.00
DIVIDEND (%)	15.00	15.00
MARKET PRICE (Rs.)		
CURRENT	140.00	
1987: HIGH	195.00	
LOW	100.00	

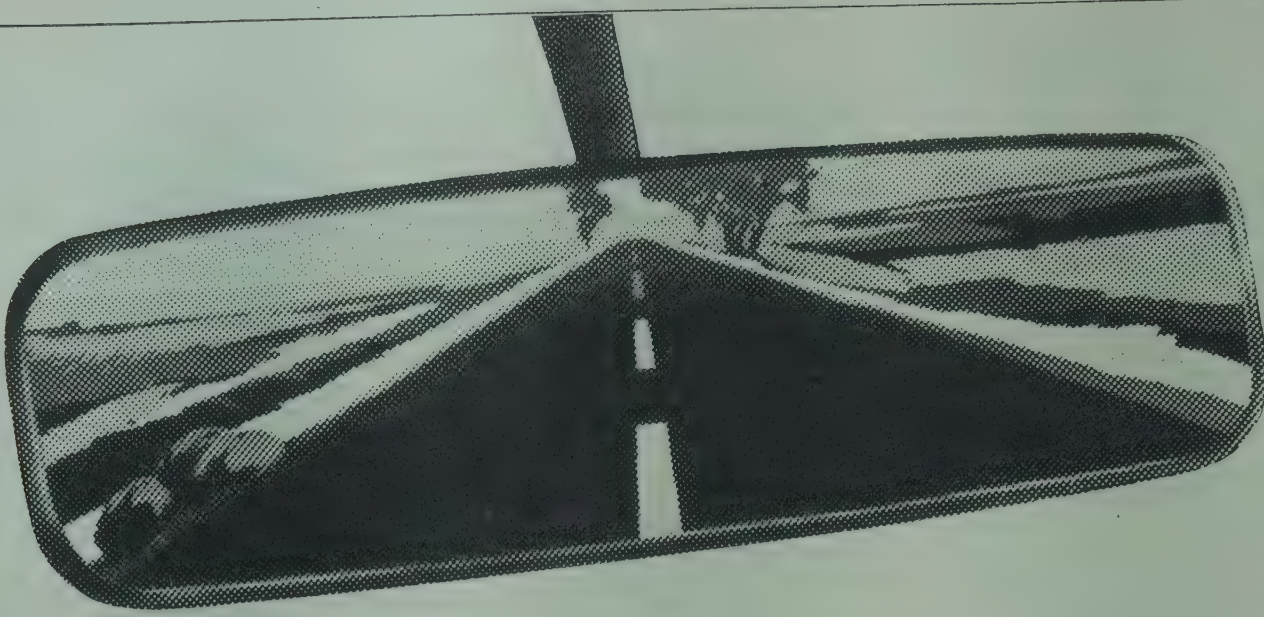
The precision tubes division recorded a substantial improvement in performance. The production and turnover were higher by 18 per cent and 21 per cent respectively compared to the previous year.

There was an increase of 23 per cent in the price of steel in December 1987. SAIL has come out with a "full requirement scheme" for tube markets which will not only bridge the gap between demand and supply but also rationalise the supply of indigenous steel. As per the scheme, imported steel will be supplied at a fixed premium of 8 per cent over the joint parliamentary committee price. The availability of zinc was satisfactory but the price increased by more than 35 per cent during the current year.

The company has fared well on the export front. Exports have gone up by 55 per cent in terms of volume and by 76 per cent in terms of f.o.b. earnings compared to the previous year. The company received an award for its export performance from the Engineering Export Promotion Council.

Boots

Marginal improvement in profits; clarifications awaited on new DPCO



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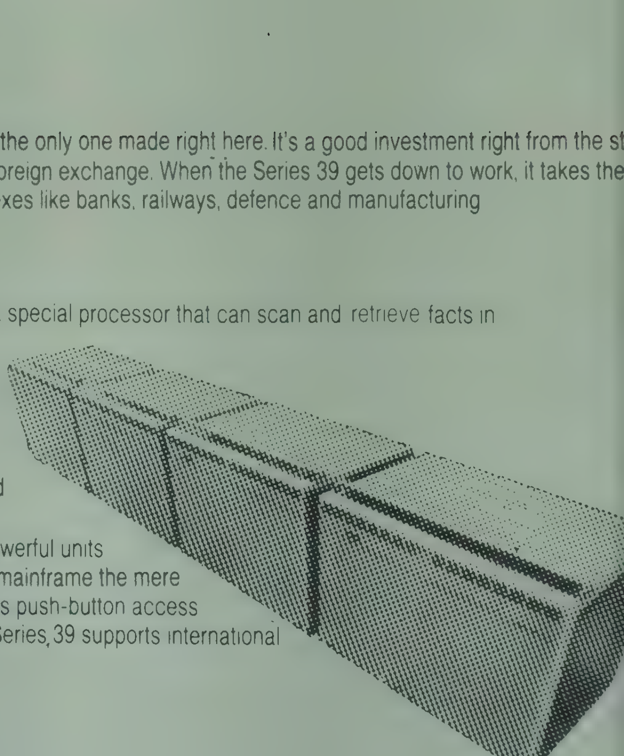

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Year ended 31 March	31 March 1988*	31 Dec 1986
		(Rs. crores)
SALES & OTHER INCOME	70.66	46.83
OPERATING PROFIT	11.91	7.60
INTEREST	0.90	0.45
DEPRECIATION	3.11	1.10
PRE-TAX PROFIT	7.90	6.05
TAX	3.89	2.96
NET PROFIT	4.01	3.09
EQUITY CAPITAL	8.10	4.05
RESERVES & SURPLUS	6.76	8.98
LOAN FUNDS	4.43	4.03
NET BLOCK	6.91	5.52
NET CURRENT ASSETS	8.19	7.48
EPS (%)	49.51	76.30
DIVIDEND (%)	22.00	32.00
MARKET PRICE (Rs.)		
CURRENT	95.00	
1987: HIGH	310.00	
LOW	63.00	

** 1988 accounts are for 15 months*

For the 15-month period ended 31 March 1988, Boots has reported a marginal improvement in profits. Though total income was higher by 21 per cent (annualised) to Rs.70.66 crores, profits were depressed due to higher depreciation charges and reduction in prices of brufen formulations following a government directive.

Under the new Drug Price Control Order (DPCO) ibuprofen has been shifted from category III to category II but the mark-up is the same. However, the mark-up for insulin is higher at 100 per cent, against 40 per cent under the old DPCO. The directors of the company maintain that even 40 per cent is difficult to realise on insulin. Boots' turnover from the drug's formulations is about Rs.9 crores (13 per cent of total sales). However, under the new DPCO, trade margins have gone up substantially.

For the period under review sales were higher at Rs.69.13 crores (previous year: Rs.45.87 crores) registering a 21 per cent increase on an annual basis. Gross profit was proportionately higher at Rs.11.01 crores (Rs.7.15 crores). However, with the commissioning of several new plants and with upward revision of depreciation rates (imposed by the 1987 Finance Act), depreciation charges were higher by Rs.2 crores. The increase in net profits was therefore only 4 per cent.

Boots has declared a 22 per cent dividend on post-bonus (after 1:1 bonus in 1987) capital compared with 32 per cent in 1986. On an annual basis, the increase works out to just 3.2 points, indicating the management's conservative approach. It has made a profit of Rs.21 lakhs (nil) on the sale of UTI units and earned a dividend income of Rs.19 lakhs on the same. Exports at Rs.1.82 crores have not shown any significant improvement.

During the period, Boots introduced three new products — an antidepressant, Prothiaden, Strepsils Icy, and Froben, a potent anti-rheumatic. Its R&D department is concentrating on tropical diseases and metabolic disorders. It has received a letter of intent to expand ibuprofen capacity to 200 tonnes. The necessary permission has been received from the Maharashtra Pollution Control Board.

Boots has also applied for permission to manufacture the bulk drug ranitidine hydrochloride and its formulations. It has received a letter of intent to manufacture 300 Mu of highly purified insulin. Implementation of industrial licences for Flurbiprofen and Dothiepin is progressing as per schedule.

Boots, like other pharmaceutical companies is anxiously awaiting clarifications on the new DPCO. During the current year, higher provision for depreciation may hurt profits. With substantial additions to the gross block, higher depreciation may depress profits.

TRENDS

SKF Bearings

The company has shown excellent post-tax profits at Rs.11.06 crores, compared with Rs.7.20 crores last year. The figures should actually be compared to the second half of last year. This would show that the company has had more or less the same turnover, margins have remained constant at 32 per cent but tax liability has been much lower.

The company is expected to do better in the second half and the year ending is to be extended to March 1989.

	Jan-June 1988	Jan-June 1987	Jan-Dec 1987
			(Rs crores)
SALES	45.91	38.59	83.86
RAW MATERIAL COST	16.28	14.15	30.72
SALARIES & WAGES	6.78	5.30	11.69
OTHER EXPENSES	96.00	7.54	16.50
OPERATING PROFIT	14.69	12.32	26.57
INTEREST	1.95	1.53	2.80
DEPRECIATION	2.53	2.25	4.54
TAX	1.60	3.59	8.40
NET PROFIT	8.53	4.95	10.82
CASH PROFIT	11.06	7.20	15.36
OPERATING MARGIN	32	32	32
RM/SALES	35	37	37

Century Enka

The company's margins are up from 13 to 23 per cent. The net profit is much higher and, in six months, the company has earned almost the same cash profit that it did in the whole of last year. This is mainly due to the tyre cord project making an additional contribution (it went into production in June 1987). The Mahad unit has commissioned its processing facilities, thus adding value to its products; and the excise cuts announced in the budget have given a great boost to Century Enka's profitability.

The company's new plant for 15,000 tpa spinning capacity of polyester filament yarn (PFY) will soon commence production.

	Jan-June 1988	Jan-June 1987	Jan-Dec 1987
			(Rs crores)
SALES	142.16	123.08	270.05
RAW MATERIAL COST	37.76	27.44	65.61
SALARIES & WAGES	2.94	2.39	4.73
OTHER EXPENSES	71.49	78.28	259.60
OPERATING PROFIT	33.34	16.08	40.11
INTEREST	4.44	4.47	8.56
DEPRECIATION	8.87	6.85	14.37
TAX	3.30	71.00	2.73
NET PROFIT	16.73	4.05	14.01
CASH PROFIT	25.60	10.90	28.38
RM/SALES	27	22	24
OP/SALES	23	13	15

RESULTS ANNOUNCED

General Electric

General Electric Company of India Ltd has announced a higher dividend of 12 per cent for the year ended 31 March 1988. Sales during this period were Rs.124 crores (Rs.106 crores) and operating profit amounted to Rs.8.75 crores (Rs.7.52 crores). After providing Rs.1.25 crores (Rs.1.32 crores) for depreciation and Rs.2.59 crores (Rs.2.53 crores) for interest, the pre-tax profit was higher at Rs.4.91 crores (Rs.3.67 crores). Taxes absorbed Rs.2.07 crores (Rs.1.93 crores) and the net profit was Rs.2.84 crores (Rs.1.74 crores).

Genelec

Genelec Ltd has announced a dividend of 11 per cent for the year ended 31 March 1988. The accounting period is for nine months only. Sales during the period amounted to Rs.52.70 crores against Rs.74.19 crores in the previous 12 months. The gross profit was lower at Rs.1.53 crores (Rs.2.54 crores) and after providing Rs.48 lakhs (Rs.1.09 crores) for taxes the profit works out to Rs.1.05 crores (Rs.1.46 crores).

Best & Crompton

Best & Crompton, the Madras-based engineering company, has trimmed dividend to 12 per cent (15 per cent) for the 15-month period ended 31 March 1988. The company's sales were higher at Rs.169.21 crores (Rs.123.56 crores) and operating profit at Rs.10.43 crores (Rs.6.88 crores). But due to higher interest charges (Rs.8.17 crores against Rs.5.50 crores) and depreciation (Rs.1.47 crores against Rs.36 lakhs), the net profit is lower at Rs.78 lakhs (Rs.91 lakhs). The proposed dividend absorbs Rs.57 lakhs (Rs.71 lakhs).

India Cements

India Cements has reported a marginal decrease in sales from Rs.137.96 crores to Rs.135.94 crores during the year ended 31 March 1988. The dividend has been maintained at 12 per cent. Operating profit was higher at Rs.9.65 crores (Rs.9.44 crores) and after providing Rs.4.23 crores (Rs.3.82 crores) for interest and Rs.4.14 crores (Rs.4.35 crores) for depreciation, the net profit was Rs.1.49 crores (Rs.1.66 crores).

The company notes that the bottom line was protected due to sale of a larger proportion of non-levy cement and higher average sales realisation. Capacity utilisation was lower at 85 per cent due to a three-week strike. The modernisation scheme at Sankar Nagar at a cost of Rs.98.55 crores will be commissioned by December 1989.

W.S.Industries (India)

During the 18-month period ended 31 March 1988, the company's turnover touched Rs.49.98 crores (Rs.27.79 crores during 1985-86), despite a three-month strike at the Settigere works and increased competition. Gross profit for the year crossed Rs.7 crores (Rs.4.51 crores). The company has declared a 12 per cent dividend.

Depreciation for the period more than doubled to Rs.1.3 crores (Rs.52 lakhs), while interest was higher at Rs.5.55 crores (Rs.3.12 crores), bringing down pre-tax profits to Rs.19.82 lakhs (Rs.86.96 lakhs). The post-tax profit was Rs.16.82 lakhs (Rs.86.96 lakhs). After adjustments, the amount available for appropriation is Rs.75.98 lakhs (Rs.1.58 crores), of which dividend takes away Rs.34 lakhs (Rs.28.52 lakhs). The company has transferred Rs.15.56 lakhs to reserves, while the remaining Rs.26.42 lakhs has been retained in the profit and loss account.

Currently, the company has orders worth Rs.43 crores for the Madras plant, the Settigere works and the electronics division. The Madras plant is being modernised and additional energy conservation schemes are under consideration.

IN BRIEF

Pioneer Leasing (India) Ltd has maintained its equity dividend at 17 per cent for the year ended March 1988. The company's gross income for the year was higher at Rs.87.91 lakhs compared with Rs.62.55 lakhs for the previous year. The net profit for the year was Rs.20.67 lakhs after higher provision of depreciation at Rs.25.26 lakhs. During the year the company has transacted business of more than Rs.100 lakhs along with marketing of SCL Unicorn computers in the country.

Nagarjuna Steels Ltd has reported a higher turnover of Rs.43.28 crores for the year ended 31 March 1988 against Rs.40.64 crores in the previous year. The gross profit earned during the year was Rs.4.50 crores against Rs.4.30 crores. The net profit of the company at Rs.1.35 crores, however, was lower than last yea Rs.1.62 crores. The company has mai tained its dividend at 12 per cent. But fo the power cuts, company sources sa Nagarjuna's performance would hav been better.

Amrit Banspati Co Ltd, which has ad vanced its year ending from 30 June to March, has shown good financial r sults for the nine months ended 31 Marc 1988. The company has recorded sales Rs.148.28 crores during the year, muc higher than for the comparable period i the previous year. Similarly the gros profit of the company was also higher Rs.5.39 crores and net profit at Rs.3. crores as against Rs.3.37 crores for the 1 months of the previous year. The div dend for the year at 15 per cent equivalent to the 20 per cent for th previous 12 months. Meanwhile, the com pany's prospects for the current year ar significantly brighter because of an ex pansion of the production capacity of it paper unit in Punjab from 10,000 tonne to 24,000 tonnes per annum.

MCS Ltd, a registrar and transfer agen also known for its activities in compute consultancy and leasing of electroni equipment, has only marginally improve its financial performance for the yea ended February 1988. During the year th company registered sales of Rs.145 lakh against Rs.144 lakhs in the previous yea The profit before tax has also risen t Rs.55.18 lakhs from Rs.54.42 lakhs in th previous year. The company has mai tained its dividend at 17 per cent for th year.

Wall Street Finance Ltd has declared a equity dividend of 18 per cent for the yea ended 31 December 1987, up by 13 point over that of the year before. The compan which improved gross income to Rs.9 lakhs (Rs.70 lakhs in the year before plans to offer package services to th transport sector in the current year.

Steel Strips Ltd improved its turnover t Rs.38.47 crores during the year ended 3 December 1987 (Rs.25.37 crores in 1986 while profit after tax was lower a Rs.77.89 lakhs (Rs.1.03 crores), thanks t increased depreciation charges. The com pany has declared an equity dividend 22 per cent.

Shetty Leasing (India) Ltd has im proved its gross earnings to Rs.1.10 crore during the 15-month period ended 3 March 1988 (Rs.80.25 lakhs in the yea before), while profit before depreciatio and tax has also gone up to Rs.47.9 lakhs (Rs.34.18 lakhs). Dividend ha been hiked by seven points to 27 per cent

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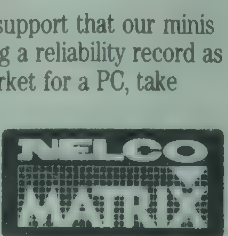

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Enterprise·BSD·58

Q. What did MINICOMP say when Forbes Forbes Campbell wanted to replace their giant imported computer with a table-top home grown Micro Computer at a fraction of the cost?

A. EUREKA!!

(With apologies to Archimedes)

Minicomp 386

The Super Micro Computer

Eureka! A word not entirely unfamiliar to Forbes. And Minicomp not only took on the job of replacing their huge Mainframe with two table-top Minicomp 386 microcomputers, but also re-wrote Archimedes Law to read **"The worth of a Computer today is directly proportionate to the space saved from the computer it displaces."**

Conversion: Forbes were running programmes like Payroll, Fixed Deposits, Financial Accounting, Shipping and Brokerage Systems and Shipping Statistics on their Mainframe.

All these programmes were conveniently converted for usage on the Minicomp 386 with no problem at all.

Space Savings: The giant Mainframe system occupied approximately 945 sq.ft. of prime office space.

The Minicomp 386 now occupies barely one third the space. No small saving with today's real estate prices.

Energy Savings: The Mainframe operated on a three phase input and needed an independent frequency stabiliser

The Minicomp 386 works on a single phase and hums along merrily, unaffected by frequency fluctuations.

Airconditioning & Maintenance Savings: Forbes needed a special airconditioning plant with the attendant maintenance infrastructure for the Mainframe.

The hardy Minicomp 386 keeps its cool with just a window unit airconditioner.

Savings in Operations: Many man-hours were spent in mounting and re-mounting tapes and packs from and onto the Mainframe. Also, branch reports received on Floppies had to be routed through a PC before being fed into the Mainframe.

The little Minicomp 386 needs fewer attendant staff, and does away with an intermediary PC to feed information received on floppies.

Cost Savings: For all its vast power, the Minicomp 386 is amazingly cost effective. **Just 2 months of lease rent on a Mainframe or 1 years maintenance cost of a Mainframe can get you a spanking new loaded Minicomp 386.**

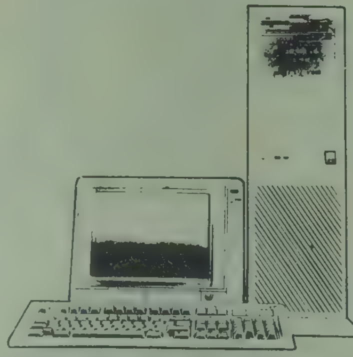
Dependability: Now Forbes Forbes Campbell does not have to depend on the vagaries of cost and availability that spare parts of an imported systems are subject to.

Important Features:-

* Testing is easier on a Minicomp 386 than on a Mainframe because print files can be viewed on the screen.
* Minicomp 386 is much more user– friendly than a Mainframe.
* The Animator software helps you de-bug programmes faster than you could ever do on a Mainframe.
* The Unify Database is not only very user-friendly but also cuts down on development – time.
* Availability of future technology-upgrades in Rupee payment.
* No import licence requirements.
* CPU can be upgraded to 20 MHZ and 25 MHZ as and when they are available.

What Forbes wanted was a super micro computer that could save time, cost and still take care of all the operations that a Mainframe could handle.

And that, is exactly what they got.



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● When you think you need a Mainframe.... You know you need a Minicomp 386

CANCOMMC 5 8

A job to maintain

U.K. Ananthapadmanabhan *is general manager (technical) of Apollo Hospitals, Madras*

An electronics and electrical manager is bringing his experience of materials management and maintenance to Apollo Hospitals, Madras. "The concept of hospital management is relatively new to India. There are no precedents," says U.K. Ananthapadmanabhan, 32.

Purchase function. Graduating from Guindy Engineering College, Madras, in 1978, U.K. Ananthapadmanabhan, 32 opted for a career in materials management at a time when engineers generally ignored that area. His first job was at Lucas TVS where he worked as a purchase engineer trainee from 1978 to 1980. Then he joined Sundaram Clayton as an assistant purchase officer. In the one year that he spent at Sundaram, he was involved in organising the sub-contracting division, in cultivating alternative sources of material supply, and in establishing systems and procedures. In 1981, he joined Rane (Madras) as an assistant purchase manager, and was once again involved in subcontract development and in developing new systems, and alternative sources. At the same time, he acquired a postgraduate diploma in business administration, from the Loyola Institute of Business Administration, Madras.

In 1983, Ananthapadmanabhan joined Apollo Hospitals as a purchase manager. Here he realised that "materials management is more crucial here than in an industrial undertaking since a hospital deals with human life and bad quality or non-availability of supplies could have fatal repercussions." The hospital was still in the process of organising itself. Clear directions on procedural aspects were essential for smooth operations. Ananthapadmanabhan's task therefore was to list all procedures in the form of manuals with the assistance of the staff.

Ananthapadmanabhan's principal contribution has been in the area of materials management. He devised a unique system wherein material accounting was done on a patient-to-patient basis — a formidable exercise, as 30-35 surgeries are performed per day at the hospital. The quantity of disposables and other supplies needed for a particular operation have been predetermined. For example, an open heart surgery requires approximately 70 items costing about Rs.9,000. The nurse concerned provides basic details like the name of the patient and the doctor involved to the stores department. Records are kept of the material handed out. Returns are noted and the paitent is billed on the basis of this information. "We are able to provide precise details including the batch numbers of syringes, and sutures used, etc, should any medical or legal complications arise," says Ananthapadmanabhan. Initially the entire process was done manually, now it has been computerised.

Cutting costs. Cost control is another area which Ananthapadmanabhan has tackled successfully. "We buy 5,000 varieties of material, ranging from CT scan spares to detergents for the hospital's 50 departments," he explains. He keeps a close watch on costs.

Ananthapadmanabhan's other duties include maintenance of the 150 types of biomedical equipment at Apollo, the air-conditioning plant, and utilities in the 250,000 sq ft or so hospital areas. Preventive maintenance schedules have been worked out for all equipment.

It was while working on preventive maintenance jobs that Ananthapadmanabhan decided to create an equipment maintenance division. "This is necessary because all hospitals now have a wide range of diagnostic and therapeutic equipment. All such equipment has to be kept in perfect running condition." From his own experience, Ananthapadmanabhan realised that it was practically impossible to get suppliers to service or repair equipment quickly; in several instances, the agents did not even offer the necessary service. "I have known of instances where 60 to 80 per cent of equipment in government hospitals lay idle waiting for repairs," he says. He convinced a receptive management to set up a separate division. "Now the equipment failure is hardly 2 per cent," he says. In addition to repair, maintenance, evaluation of machinery, etc, the division is also involved in training the concerned technicians about the proper use of such equipment.

In 1986, as an extension of the maintenance division, a consultancy division was created, manned by two engineers. Local hospitals like the Port Trust Hospital, the Guest Hospital, etc have availed of its services. Attracting graduate engineers to this work is not easy. "But with the proliferation of well-equipped private hospitals, the scope will widen," says Ananthapadmanabhan.

Spreading the word. Ananthapadmanabhan lectures on materials management and hospital administration in part-time courses conducted by Madras University and other institutes. He also enjoys writing on these subjects, and has published several articles. "I take almost six months to write a piece since it is all based on my personal experience," he says. Another interest is career counselling in schools, which he does free of cost.

Apollo Hospitals has provided him with a perfect work niche, he says. ■

DHARANI K PANI

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Introspection for managers

'HE MANAGER'S BOOK OF
'HECKLISTS
y Derek Rowntree
988 Corgi Books (IBD);
39 pp; Paperback Rs.75

'he ponderous prose of management ooks has, of late, been replaced by the onversational style of "how to" books. 'hese often restrict themselves within arrow confines, such as "How to egotiate".

The book under review is unusual in that it is in the form of checklists. It cannot be read at one sitting and is not meant to be. The author points out that it is neither a "how to" book nor a manual, but a tool. It breaks up the various aspects of a manager's function and places them in organised sections in the form of progressive staccato questions that can often be answered with a simple yes or no. The process of reading and answering the questions serves to crystallise the thinking of the manager doing the exercise and helps to chalk out a plan of action.

Managers, the author says, are ~~not~~ born, but made. The attitude in many organisations is quite the opposite. Says Rowntree, "If you are really good at a certain task yourself (so the theory goes) you'll have no trouble managing other people who do that task. (Due to this attitude) you don't get any training.. the day to day business of being a manager is eft for you to learn from experience.. so nost managers just muddle through. Some do so successfully, others don't."

Reading the book makes it obvious hat it is useful not only to those elevated rom the ranks (often suddenly) to a nanagerial position but even to those vho have had management training. This s so because the checklists remind the eader of the variety of tasks (40 areas re discussed), help him to understand roblems that crop up in each area, ighlight the key features of each area nd indicate a way of proceeding by utlining a practical framework. In this vay, the reader is helped to become more ystematic, given a useful set of ideas and timulated to think about producing his wn checklists. (The author even invites he reader to send copies of any checklsts thus made in areas that are not overed in the book.)

The four main sections of the book are *nanaging your job*, *managing your eam*, *managing your organisation*, and *managing your career*. Each section starts with a few introductory paragraphs with pithy sentences, for example, in the first section: "Your chances of being an effective manager depend to a large extent on how clearly you understand the nature of your job." The subsequent checklists go into defining the job, the basic skills one needs to exercise as a manager — making decisions, communicating, planning, controlling, coping with stress, managing your time.

Managing your team gives in checklist form the skill needed to get work done through other people — understanding them, selecting new staff, delegating, coaching, motivating, leading, appraising, counselling. *Managing your organisation* is particularly interesting and insightful as it aids in understanding the organisation, power and politics, meetings, a variety of communication skills, negotiating, managing conflict and change.

The last section, about *managing your career*, assumes that the reader's present career may not be all he wants for the rest of his working life; the checklists help him to make plans and keep an eye on his self-development as manager.

The various sections of the book need not be read in their order of presentation. The reader will be quickly able to determine what section, and indeed what subsection, is of immediate interest to him at a given time. Recently promoted, experienced and trained managers will especially find this book useful, which in its entirety is a crash course in management. It is recommended that it be used as a tool — with a pencil in hand to note answers or tick the "yes" or "no" box. From time to time, the reader can return to the book for help with the topic or problem that is being tackled.

The author warns, however, that many questions touch on delicate issues. He says: "You may want to ensure that no one but you sees your copy of this book — or else write your answers in code!" The delicate issues are indeed many, as in the second section, under *knowing your team*, where the checklist on Personalities reads as follows:

"Don't be tempted to write down your answers to the following questions — a leak could be embarrassing:

"In a couple of words, how would you describe the personality of each member of your team? Which team members do you feel you could most rely on in a crisis or when effort beyond the normal call of duty is called for? Which team members seem least to be relied upon? To whom would you look as a source of bright ideas or as someone on whom to sound out promising ideas of your own? Which team members would be most/least resistant to changing their ways of working? Which of your team members is first to know what is going on within the group and how people are feeling about things? Thinking about each member of your team in turn, does he or she seem to own first loyalty to: a) the organisation? b) the section or c) their trade or profession, be it bricklaying or accountancy?"

■ ARUN BHATIA

Down to earth

UNDERSTANDING MANAGEMENT — THE KEY TO BETTER RESULTS IN YOUR ORGANISATION

By C. Northcote Parkinson &
M.K. Rustomji
Published by Vision Books Private Ltd,
New Delhi. Rs.45

Business today has become increasingly complex, and management, rightly or wrongly, is being looked upon as a science.

Over the years many books have been churned out on different aspects of management, some of them quite good; but many really fail to see the wood for the trees and are not very readable.

The book is essentially well written; its outstanding point is in its layout and presentation — which is typical of the authors: direct and to the point without missing out the essentials. R.K. Laxman's illustrations are not only eye-catching but very imaginative.

The book is divided into short chapters with subjects ranging from authority and leadership to organisation and human relations.

The strength of the book lies in the real, down-to-earth, practical recommendations which come from experience garnered over many years. Certainly the book is not meant for the management student preparing for an examination, but it would be of immense value to the executive.

■ ASPI CONTRACTOR

SOFTWARE

An Emerging Business

Today Indian programmers are a prized talent bank even in the major US and west European markets and exports are growing. There have been some significant successes along the way but the task ahead is daunting. In the meanwhile the industry is organising itself to fight piracy, tackle inequities and exploit the opportunities presented to it.

A supplement by Vijay Mukhi and Raju Chellam

EXPORTS

India still struggling

When Rajiv Gandhi first took over as prime minister, Department of Electronics (DoE) officials were agog with excitement at the prospect of software becoming the newest "cottage industry" in the country. There was also speculation about software replacing diamonds as the country's largest export item and of India becoming the new Mecca of the world's software activity. A new era of high-tech had supposedly dawned.

Now four years later, much of those dreams remain just that. The young PM has lost some of his lustre, software is still in the closet. The DoE, in the meanwhile, has g through major personnel changes and diamonds are India's biggest export earners in the services segment. N of the software developers have managed to move m beyond the major cities.

But, the dreams still persist. In a few segments, softw still has a halo around it, optimism is strong and the fut looks quite bright. In certain cases, the questions be asked of Indian software developers is not whether they do given jobs, but how soon and how cost effectively. And

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Every Indian dreams of a time when products engineered in India will go beyond imitation to set world standards on their own.

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has not kept that dream waiting.

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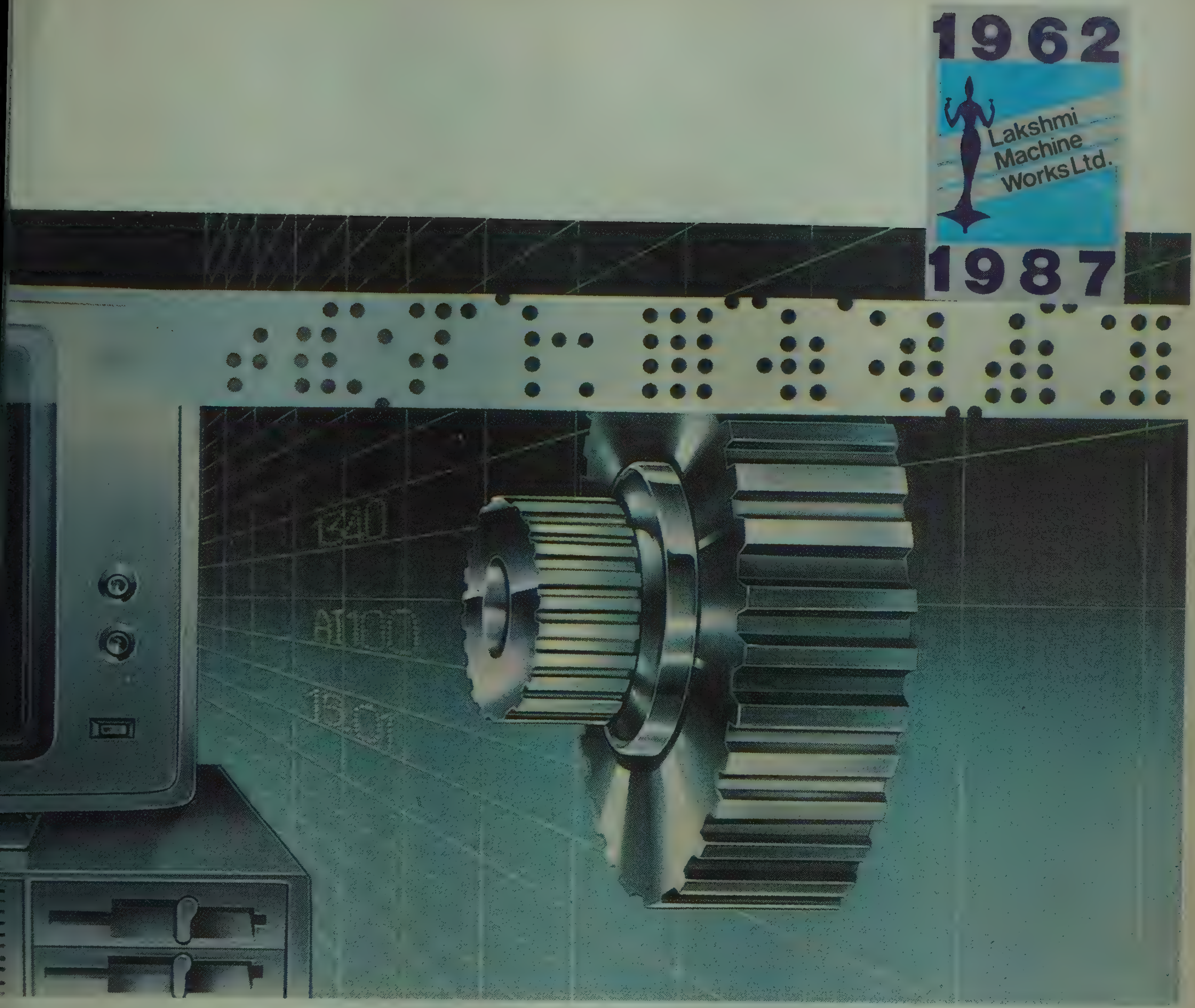

The grass is greener on the ther side for Indian scientists, ngineers and MBAs.

Or is it?

Many Indian companies are roving that it's possible (even if ougher) for Indian managers and echnologists to accomplish here in ndia as much as they would do nywhere else in the world. Such as MW, the company that has worked ts way to a world-ranking of No. 5 in extile machinery manufacture.

In the process it has built up a odern and versatile manufacturing base with a readiness to take up new technologies.

Thus it has now diversified into CNC machine tools with the world's foremost machine tool manufacturer, Mori Seiki of Japan.

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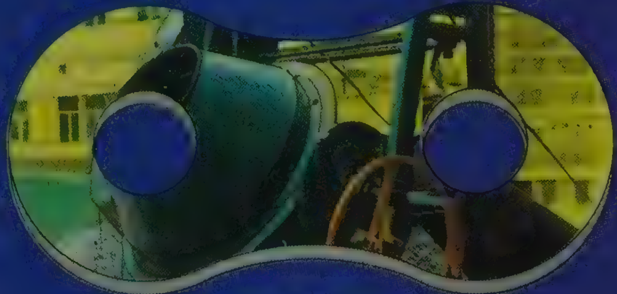

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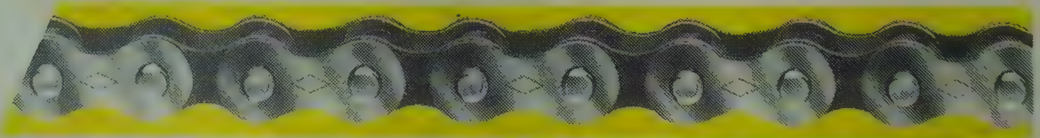

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HTA 7204

answers are surprising even hard-headed international software giants.

A few months ago, America's Microsoft Corporation placed a modest ad in an Indian paper, welcoming qualified software programmers to the company's world headquarters at Bellevue, Washington. The ad caused a furore of sorts in India; it was for the first time that a major software developer had openly invited Indian technical manpower. Ashton-Tate Inc., Cullinet Corporation and Lotus Development Corporation have been known to employ Indian software engineers in any case, but only those who were already in the US, and were planning to stick on there.

Despite the notorious Indian bureaucracy, American and British computer companies have been flirting with Indian software houses and personnel for a while now. Britain's largest computer company, International Computers Ltd (ICL), was planning to set up an exclusive Indian software export wing with its Indian associate, International Computers Indian Manufacture Ltd (ICIM), one of India's largest computer companies. An ICL spokesman said last year that ICL would buy back both Indian-developed software and hardware in return for ICL transferring the Series-39 mainframe knowhow to ICIM. Another British giant, British Telecom plc, announced a similar tie-up with India's Mahindra & Mahindra Ltd, which is just branching into telecom, datacom and networks. UK-based Acorn Computers, Cambridge Computers and other startups are also seeking out Indian partners for joint ventures.

In the case of the US, a number of collaborations for computer software are already in operation. Unisys Corp has a long-time tie-up with Tata Unisys Ltd (formerly Tata Burroughs Ltd). Tata Consultancy Services has a long-standing record of software exports to US and European companies. Datamatics Consultants have been exporting software to Wang Laboratories of America. Hinditron Computers has been doing software jobs for Digital Equipment Corporation of the US. Even International Business Machines Corp (IBM) was rumoured to be toying with the idea of setting up a 100 per cent software export unit in Bangalore.

India has a huge talent bank of top computer professionals, working in what has so far been a highly protected market. Many of these professionals speak excellent English and are at home with American and British modes of doing business. Moreover, top management cadres have generally had some advanced education in American business or technical schools. And much of this trained workforce earns about one-sixth to one-eighth of the wages that a typical British or American counterpart would, or one-fourth the wage of a software engineer in

What is software?

Software is a set of instructions that tells the computer what to do. That is the simplest description of software. However, software is better explained by what it isn't. It isn't tangible — it cannot be touched, felt, smelt or tasted. It is neither a concept, nor a point of view. It can't exist independently of the computer hardware.

Software is broadly divided into two halves — systems and applications software. The former is the basic set of codes or instructions that initialise the machine, or make it ready to run actual programs. The actual programs are called applications software. They help the user apply the software to solve specific problems.

Most mainframe computers have their own systems software, which are proprietary and not interchangeable. What works on one IBM model will not work on a larger model. The most famous systems software for PCs is called MS-DOS — short for MicroSoft Disk Operating System — developed by Microsoft Corp. This became the industry standard as soon as the giant IBM selected it for its range of PCs. MS-DOS is the system software that runs all IBM-compatible PCs, XTs and ATs. The popular Apple Mac has its own Apple-DOS and UNIX was developed by AT&T when it decided to get into computers in a big way. UNIX usually runs on minis and mainframes.

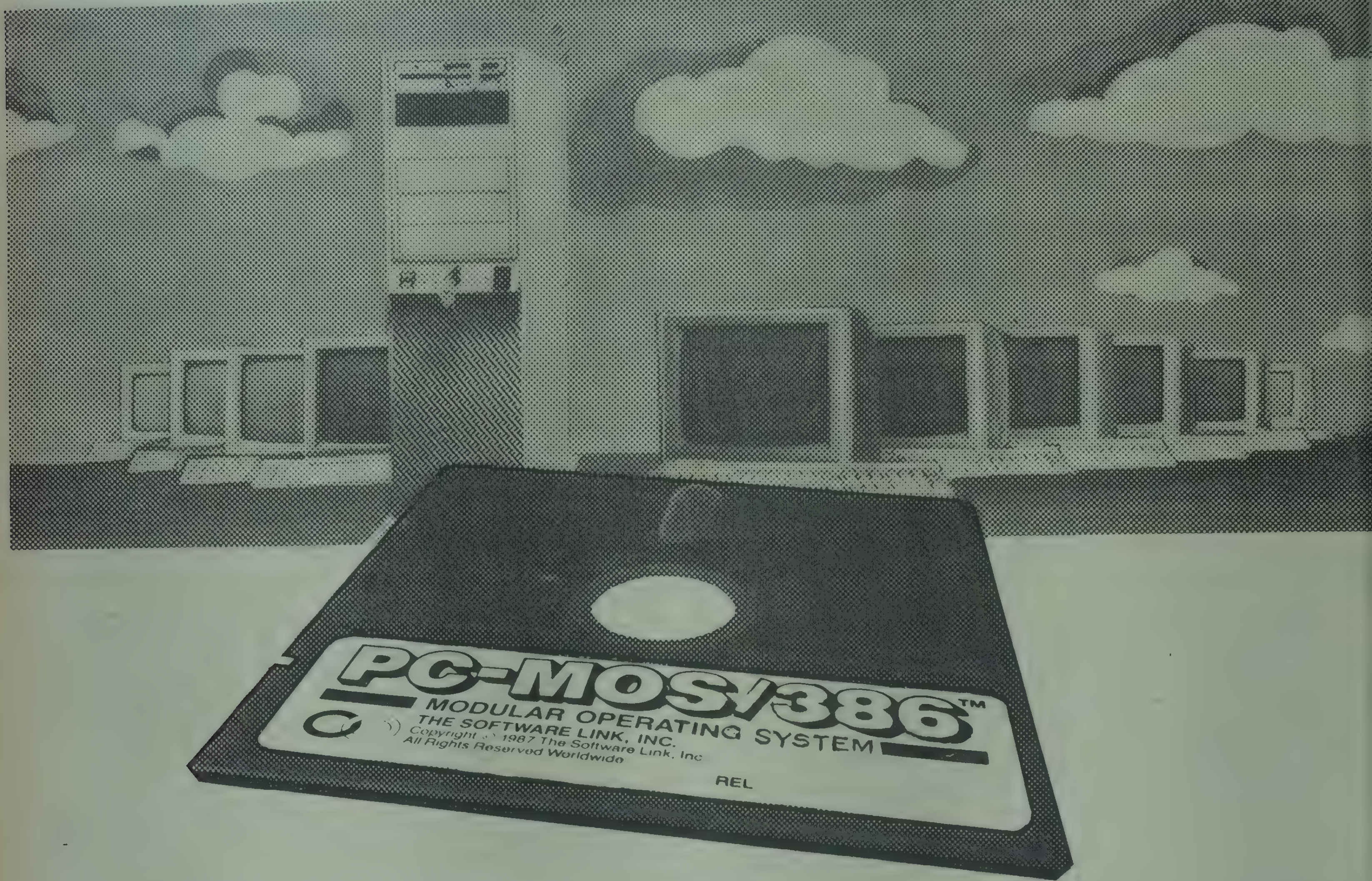
Applications software is again divided into two parts. One is the standard package and the other is the customised application package. The former is software that one buys off the shelf and it runs on hardware that is compatible and is mainly PC-based. Typical examples include the spreadsheet package, 1-2-3 (from Lotus Development Corp), dBASE III (from Ashton-Tate Inc) and WordStar (from MicroPro International). Also, the games you play on a computer are packaged programs. Custom software packages are specially written for specific machines or clients, like those for financial accounting, inventory management and invoicing.

Increasingly, there is a tendency to use standard packages. This is why the price of computer power has fallen so low. But if you have any specific jobs that you want your computer to do, you can get a programmer to write a program for your special requirement. For example, *Business India* keeps all its subscription records with the help of a specially written program.

Who can write software? Anybody who knows computer codes or languages can do so. One doesn't necessarily have to be a computer engineer to be able to write software. However, it is necessary to have a systematic, logical, problem-solving approach to be able to write good software. People with diverse backgrounds in the US, including school drop-outs, have authored best-selling games and even business packages. But, a good knowledge of the workings of the computer, an innate ability to work logically and a thorough ability to write in a language the computer can understand are a must.

Anybody who uses computers needs to necessarily use software. No computer will run unless it has the software running it. In India, all kinds of software is written and used, by business houses and professional users of computers. Software programs are stored in magnetic disks (called floppy disks), hard disks (fixed within computers) or magnetic tapes (large tape drives used in the bigger machines). But it must be remembered that software for mainframe and mini computers is different from that running on personal computers. Again, software is not necessarily compatible across the board. Computers running MS-DOS will not run programs that are meant for Apple computers or for minis. Increasingly computer professionals believe that the next big leap in computer usage will come only when software becomes easily interchangeable.

Software – that operates in Multimultiples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MLS:MCS:143

one of the four Far East "Tigers" (Hong Kong, Singapore, Taiwan and South Korea). Besides, Indian programmers have just about all the education they need, though maybe not the actual on-the-job training.

Also, the Indian software industry is badly organised. At the top end are some heavy-weights who carry not only the onus of exports but also the development of much of local software. These are Tata Consultancy Services, Tata Unisys, Sonata Software, Datamatics Consultants, Wipro Information Technology, Hinditron Computers, Computer Maintenance Corp, Texas Instruments and Citicorp Overseas Software.

According to the government, gross exports of software are now about Rs 90 crores, netting at about Rs 45 crores. The dream is to export Rs 300 crores worth of software by 1990. The logic is that when the world software trade touches an estimated US $ 30 billion by then, India should have at least one per cent share of the market. To that end, the government drew up a New Software Policy (NSP) on 19 December 1986 with the concept of "flood-in flood-out". That was supposed to let in a whole host of US-developed software, especially software development tools, so that Indian programmers could use it to develop better software for export back to the US and western Europe.

The Export Import Bank (Exim Bank) was goaded into making available foreign exchange for importers who would guarantee software exports from 250 to 350 per cent of the value of imports. At the same time, the government-controlled Computer Maintenance Corp (CMC) tied up with another state-held giant, State Trading Corp (STC), to promote exports of computer software to markets in west Asia, Africa, north America and the EEC group. CMC has shown its mettle as a major Indian software developer locally, and has a string of successful projects behind it. However, its worth as a software exporter is as yet unproven.

It is yet too early to say whether the moves have yielded the desired results or not. In any case, there have been some software success stories even before these fresh initiatives were announced. America's Hewlett-Packard Inc. announced that it would buy specialised software from the Oberoi hotel chain.

Last year, Texas Instruments Inc. began India's first satellite-based software exports whereby Indian software engineers beam source codes from Bangalore to Bedford in England and Dallas in Texas. Citicorp of America has about the same ideas about its Bombay-based subsidiary, Citicorp Overseas Software Ltd (COSL). And the Tatas have an excellent export window with help from Unisys Corp. Recently, Digital Equipment Corp (DEC) formed a new collaborative venture with Bombay's Hinditron Computers. This includes a commitment to buy Rs 5 crores worth of software in five years. Hinditron has also tied up another software export deal with Tektronics Inc. of America.

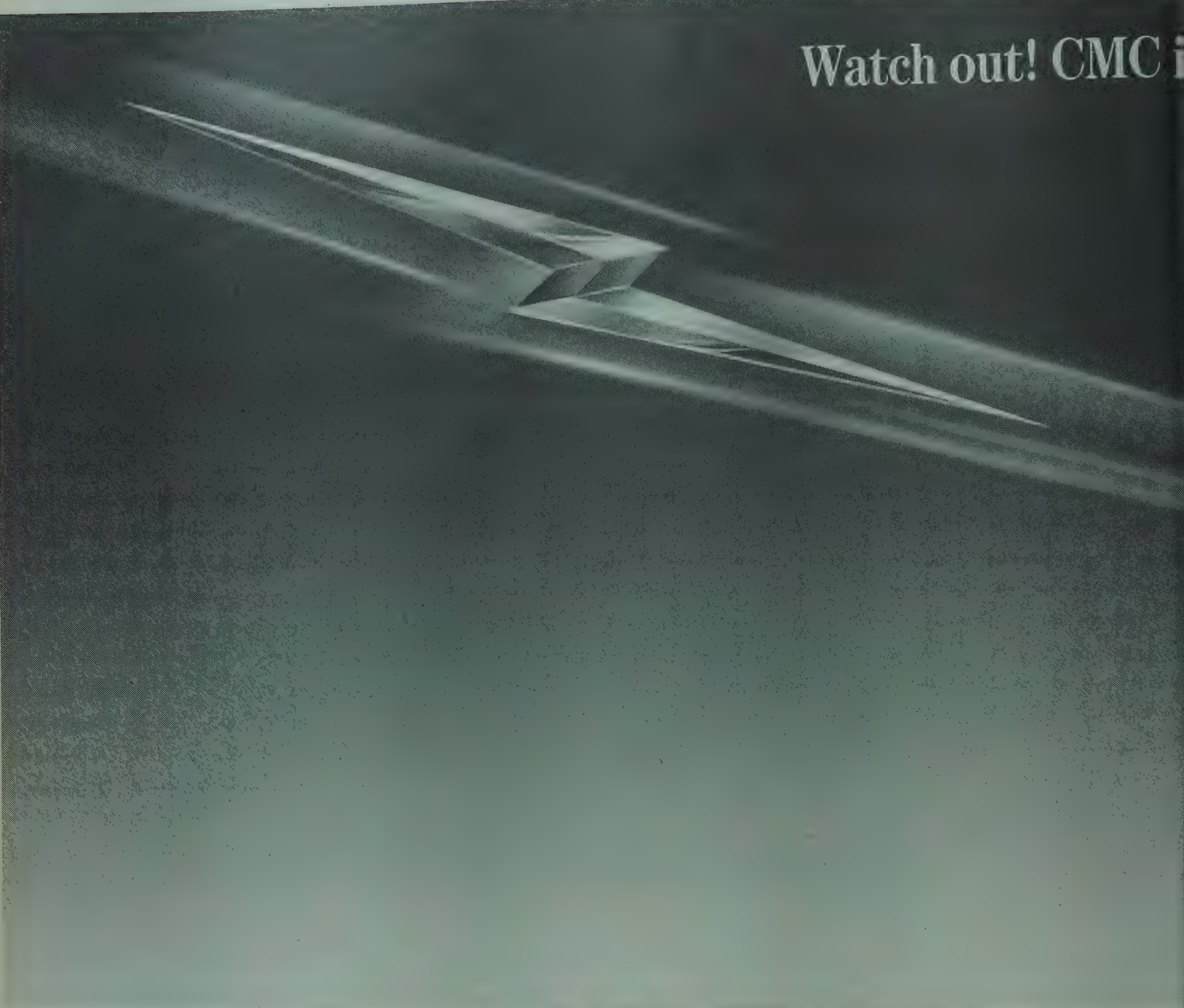
ICIM's computer in use at Dalal Street

A few Indian companies, have however attempted to tap the vast US and European software markets on their own. However, it is felt in some circles that such export endeavours may be better undertaken if a healthy local market for software is first developed.

Software has been neglected in the vast Indian market, leading to some anomalies. At the lower end, the market is flooded with pirate copies of MS-DOS. That is another term for IBM compatibility (basic operating instructions that help run the IBM PC or its clones), which has become the de facto standard in India, as elsewhere in the world. IBM itself withdrew from the Indian market in 1978, unwilling to dilute its equity under FERA.

It must be noted that software is different for PCs and mainframes or minis. PC software is general or common to all PCs within the same range, as in IBM PC compatibles or Apple compatibles. PC software can thus be easily pirated, and is. Mainframe and mini software is almost invariably application specific and machine specific (such as an airline reservation system) and cannot be easily copied or used on other machines. Since users pay so much more for mainframes and minis, vendors usually write special software for their users. But the importance of software can be judged from the fact that in the West today software comprises almost 70 per cent of the total cost of installation. The hardware is relatively cheap. Thirty years ago, it was exactly the opposite, when the hardware was very bulky and expensive it then accounted for 70 per cent of the total cost of a system.

The size of the Indian software market is estimated at Rs.35 to Rs.60 crores annually. The main buyers continue to be large banks, the government and private sector undertakings. There are more than 150 software companies registered with the DoE itself. About half a dozen predominate, with the two Tata companies — Tata Consultancy Services and Tata Unisys — leading the pack. Most of the



CMC installs India's first, totally indigenou

Perhaps the most significant fact about the power situation in India is that it's a hand-to-mouth situation. Supply can't meet demand. This makes power management extremely difficult. The first imperative then, is to distribute power with continuity and quality. The second is to get the most mileage out of available resources.

This is the task that CMC's Load Dispatch System is addressing in Tamil Nadu in phases.

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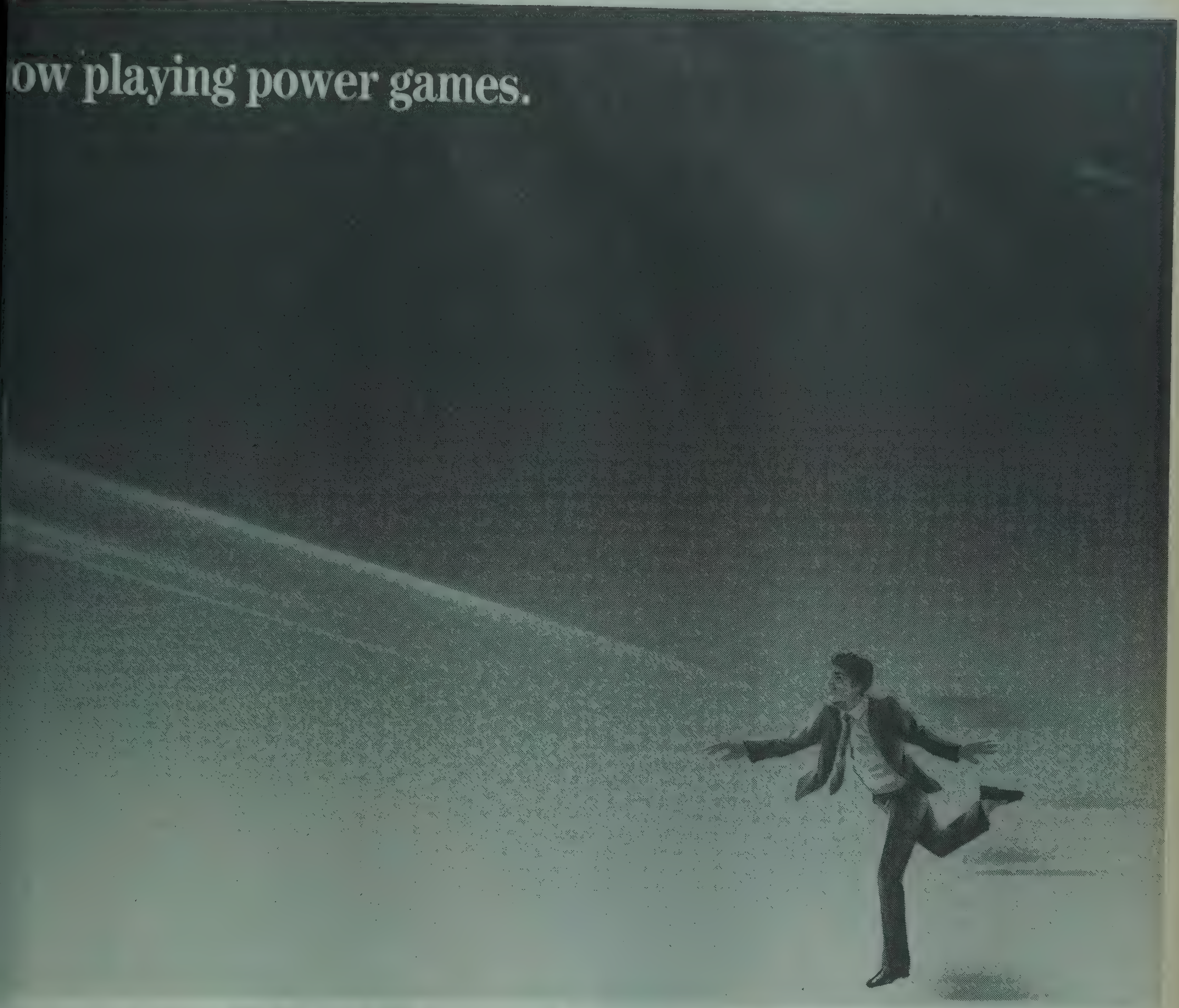
In a computerised set up, the information about voltages, frequencies, etc. is collected at various power stations and grid sub-stations with the help of transducers and other special equipment. The information is consolidated through microprocessor-based devices called RTUs (Remote Terminal Units). The data are then sent through communication links to the central computer at the main Load Dispatch Centre. Here the vast mass of information is analysed by the computer using advanced software, and presented to the operator in a complete, cohe and comprehensible form.

Computer-aided decision makin

The result is that operators no longer have to rely on data secu through obsolete hardwired teleme systems or over the telephone on w to base their decisions. Nor do they need to depend on human judgeme alone to juggle an impossible numb of complex factors simultaneously. Instead, operating decisions are supported by up-to-date, organised The computer guides the operator to focus his attention on abnormal conditions, thus enabling timely detection of system faults and pro corrective action.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software companies in India are very small operations with many one or two-man units. Most India-developed software is applications based, for specific users. In the general category, the market is full of pirated software.

As far as standard software programs go, most of the world's best-selling PC programs are very easily available in India, sourced cheap from the flourishing pirate dens of the Far East. These include word processing programs like WordStar, Microsoft-Word, Word-Perfect; database management programs like dBASE III and III Plus; and spreadsheets programs like Lotus 1-2-3.

Early this year, Rajiv Gandhi slapped a 10 per cent manufacturing tax on software during the budget session of Parliament. However, the tax was scrapped soon after, following severe criticism from the industry and media. The typical Indian software developers' problems are far from over. The country is saturated with cheap or even free copies of pirated software. Thus, there is a very high resistance at the lower-end to pay money for software. Moreover, there are no real incentives for developing software. Thus, much of the software locally developed tends to be applications based, almost 90 per cent of it for minis and mainframes. Finally, there is the persisting problem of the "brain drain", where the country loses the top five per cent talent to the west, specifically to the US.

Despite all this, the Indian software industry has grown to some position from scratch. Whether it will reach the take-off stage, and how soon is the next worry. There is optimism around, no doubt, but the climb is going to be uphill, all the way.

The question of exports

For several years now the Indian government has been dreaming about Indian software exports overtaking all other commodity exports in the service sector. Right now the position of pre-eminence is held by the diamond trade. The aim is to catch up with it, if not surpass it in the medium run.

Indian software exports, according to the Department of Electronics (DoE) estimates, have risen from around Rs.40 crores during fiscal 1986-87 to about Rs 90 crores during fiscal 1987-88. The figures are quite high because they also include the per diem expenses that software exporting companies pay to computer professionals sent abroad to develop or tailor software at customer sites abroad. Net earnings are estimated to be in the region of Rs 45 crores.

However, the government expects software exports to touch Rs 144 crores in 1988-89. According to S.S. Oberoi of the DoE, this should not be difficult to achieve, given that the exports so far have kept up with targets. In fact, he told a group of computer professionals in Bombay late last July, that if the performance continued to match expectations or show the same growth trend, the industry should be able to notch its much-touted figure of Rs 300 crores by 1990.

That would lay a lot of stress on the approximately 3,000 computer professionals devoted solely to software exports from among a total software writers' strength of 6,000, according to industry estimates. Of the 3,000 devoted to exports, quite a few of them are abroad, developing software at customer sites. In all, there are more than 100 small scale software companies in India today. In the exports segment, there are about a dozen companies engaged in the activity; about half of them dominate.

The two Tata companies — Tata Consultancy Services Ltd and Tata Unisys Ltd — account for about two-thirds of the country's gross software exports between them. Other important exporters include the Digital Equipment Corp (DEC) — Hinditron combine, Datamatics Consultants Ltd, and Texas Instruments Inc (TI). The Bangalore-based TI has emerged as the country's first company to export software via satellite links that connect Bangalore with Bedford in England and Dallas in America. The Bombay-based Citicorp Overseas Software Ltd (COSL) is fast catching up as the fifth contender in the software export stakes and is also aiming for a similar satellite communications link with Citicorp headquarters in New York.

Where is the market for Indian software? Most industry professionals insist that the market has been and will be the US. Apart from the US computer market being the largest and the most developed in the world, it is also the most mature. Says Prakash Hebalkar, senior vice-president of Tata Unisys Ltd (TUL), "The more mature the use of computers in a given country, the greater its market size and demand. The US market tops the list. It is followed of course, by western Europe and Japan, and later by the rest of the countries on the Pacific rim. Indian computer companies have concentrated on the US market strongly. That market may account for 50 to 80 per cent of all Indian software export efforts on an average."

The other reason for the dominance of the American market is that most Indian companies have US partners. Unisys, DEC, Wang, Hewlett-Packard and Tektronics, all have high-profile Indian partners. Does that make a difference? According to P.D. Jain, managing director of Mafatlal Consultants Ltd, it does. "It is absolutely necessary for Indian companies to have a good foreign partner at least in the take-off stage." Would they necessarily have to be American companies? Jain feels the world market has turned predominantly American. "Even with the European companies, you find an American machine lurking behind," he says. "On the other hand, one doesn't really hear about European software packages. Everywhere it is America that rules the software."

FOREIGN COLLABORATION

Veer Sagar, senior vice president of International Computers Indian Manufacture (ICIM), disagrees. "We have been exporting software to England and this year managed to grab contracts worth Rs.1 crore, gross. We have never felt hampered by lack of an American market for our software." However, Sagar agrees that a good foreign collaborator is necessary. ICIM is a subsidiary of the London-based International Computers Ltd (ICL) and much of its software exports is channelised through ICL.

"If you have a collaborator, you have a via media for your products," says Yash Sahni, general manager of Tata Consultancy Services (TCS), "otherwise, you will have to bear the elaborate marketing costs to sell your product." TCS has experience in both areas. In the early days, TCS had an arrangement with Burroughs Corporation of the US. Later, they struck out on their own by appointing marketing agents in key US cities. Sahni feels, "The important aspect is to establish your credibility in the market-place first. Software is a high-risk business and is not dependent on costs alone. Time is important. Quality is important. Credibility is important."

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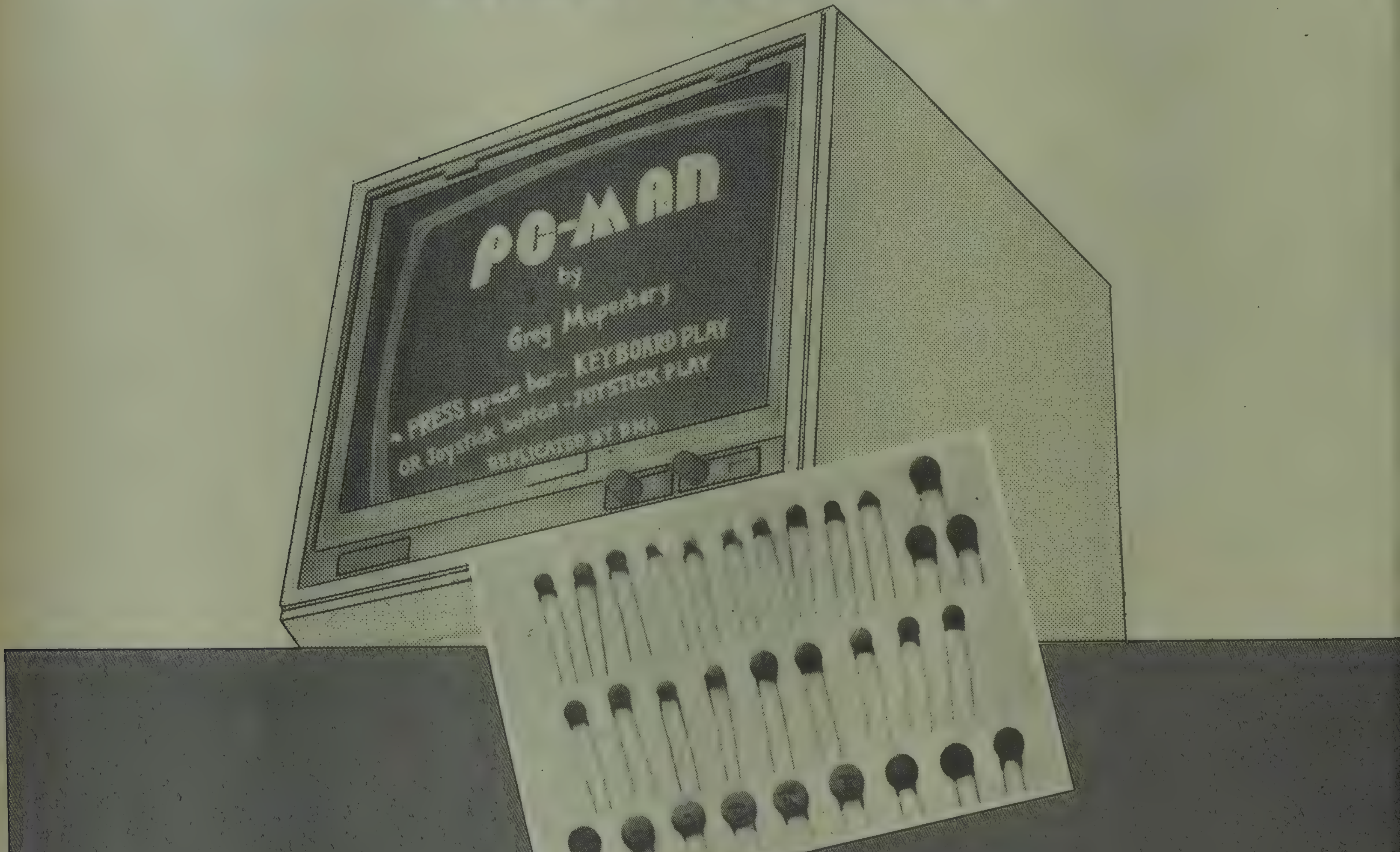
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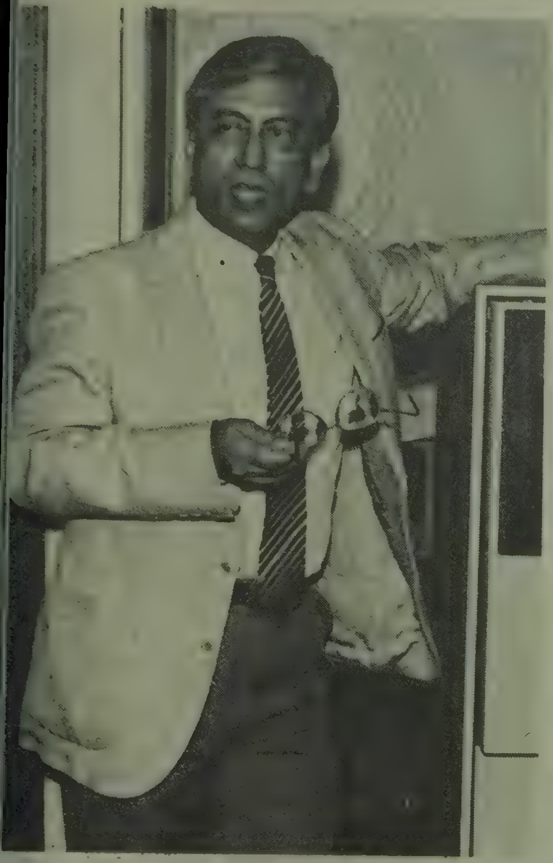

Sahni: "high-risk business"

The credibility factor is also emphasised by Harish Mehta, executive director of Hinditron Computers Ltd. He says, "You may get one job but if you don't do a good job, or don't deliver your stuff on time, you'll never get another job there at all." He feels that's one reason why Indian software exporting companies cannot take risks with contracts they get. "We have to move people out there, to be ready to tailor software according to client's needs, to be there at the development and initial applications' stage. We cannot run the risk of bringing the entire ob back to India to be delivered to the client after it is done. It doesn't work."

Some jobs are done the other way. Says Hebalkar, "In some cases, it is possible to do from 30 to 50 per cent of the actual oftware writing in India. Even so, it is normal to get the work done abroad, specially when much of the software eing written is custom or applications oftware for specific needs and specific clients." He explains that in some cases, clients themselves have just a vague idea f what they want the software to finally o. "It is only when you sit down with them and proceed from the initial to mature stages that the client knows for ure what the software will or will not do. t is thus not uncommon for the final ackage to look quite different from that t the conceptual stage."

That kind of interaction obviously means keeping in close touch with the client. And communications is a sore point in India in any case. Says Mehta, "What we need is a low-cost, reliable electronic mail system. Imagine using the local phone system with its cross-talk, interacting with a foreign client for specification changes. I may never get anything off the ground at that rate. It makes more sense for me to go to the client's site or send a team across which will sit there and work closely with the client."

In such circumstances, how do Indian computer companies get contracts, anyway? And why would an American company give the software order to an Indian company rather than to an American one that could be just a phone-call away?

"They would if they could," counters Hebalkar. "We are getting the contracts because, in some cases, we are the only ones who can fit the bill. In other cases, our marketing executives based in key US cities contact potential clients and offer customised software for their exclusive needs. In still others, clients have heard of us from other sources and seek us out. But in all cases, if we do not come up to expectations, we may never get the contract."

The fight is fierce out there. Price is the much talked about variable. It has been drilled into western and Indian minds that our labour is among the cheapest in the world and that we possess the third largest technical talent in the world. But most software exporting professionals disagree with both contentions. Says Sahni, "We do not quote rock-bottom prices. In most cases, the prices quoted by us are not much lower than the competition. What we have to sell is our ability to deliver on time, with the right quality and to the client's satisfaction."

Regarding the second premise, ie, Indian talent, there is widespread consternation. "The standard of computer science education in our universities and IITs is quite low compared with international ones," says Hebalkar.

"The fault should be shared by the corporate sector and the computer industry," feels S. Ramani, director of National Centre for Software Development and Computing Technologies (NCST). "Why does the Indian computer industry not sponsor computer science candidates at the IITs and get captive manpower? Most industries in other parts of the developed world do it. Why can't the Indian corporate sector work hand in hand with educational institutes in India and find qualified people? If industry does not take interest in its country's educational institutes, not only will it not get the people it desperately wants, but also the top-notch graduates will take the earliest flight to foreign lands, where companies take a greater interest in education and the universities."

And now, a software export park

The government has decided to set up an exclusive software exporting park at Pune in Maharashtra. The park would be the first of its kind in India and is expected to have an exclusive satellite link with key cities in the US and possibly Europe.

A meeting to iron out the modalities of the scheme was convened in Bombay last month by the Maharashtra State Electronics Corporation (Meltron), and attended by officials of the Department of Electronics (DoE). The Maharashtra Industrial Development Corporation (MIDC) has agreed to make available about 10 acres of land at Pune and the Videsh Sanchar Nigam (VSN) will set up a Rs.1-crore direct satellite link via Intelsat. The park is expected to be operational early next year.

According to reliable sources, exporting companies need not buy space at the park. But they can still use its satellite link and infrastructural facilities, much like a city business centre. About a dozen software exporters have reportedly agreed to set up their units at the park. The gross foreign exchange expected to be earned in the first year of operation is around Rs.25 crores.

In the exports arena, obviously, just about anybody won't do. Only the best and the brightest are picked up for key foreign jobs. And then there is a very real danger of such professionals wanting to emigrate once they have tasted "First Blood" abroad. Executives agree that the danger exists, but offer no suggestions about how it can be stemmed. It would take quite some time before the Indian work environment can be moulded to western standards to nullify the need in the young and amibitious software professional to emigrate. And in the world of software exports, since there are no tangible assets being exported, the loss of men or brain-power can be the biggest loss that computer companies face. That is a key question for both the Indian government and the Indian computer industry to sit together and attempt to solve.

How they compare

Item	Hardware	Software
PROFESSIONALS EMPLOYED	2,000	6,000
INVESTMENTS (TOTAL)	Rs.50 crores	Rs.50 crores
INVESTMENTS (PER EMPLOYEE)	Rs.250,000	Rs.83,000
OUTPUT (TOTAL)	Rs.200 crores	Rs.135 crores
OUTPUT (PER EMPLOYEE)	Rs.10 lakhs	Rs.225,000
EXPORTS PER ANNUM	Rs.20 crores	Rs.90 crores
IMPORTS PER ANNUM	Rs.70 crores	Rs.20 crores
NET FOREIGN EXCHANGE	(−) Rs.50 crores	(+) Rs.70 crores

If there is one thing seriously missing in the Indian computer industry, it is authoritative, reliable data on itself. Though this is true in general of all industries in India, it is ironical that the computer industry, which basically deals in "data processing", "information management" and other high-tech terms, itself lacks institutions that put out figures and statistics on its activities.

That role is now taken up by Delhi-based *Dataquest* magazine, which keeps releasing its own figures on the state of health of the industry. The DoE (Department of Electronics) also puts out reams of data from time to time, but industry observers feel the data comes out too late or is not absolutely accurate.

It is anybody's guess how large the software market is. Estimates range from a low of Rs.100 crores to a high of Rs.150 crores. This includes both the domestic market as well as exports. However, there is some fudging on arriving at the exports figure as this includes the allowances paid overseas to professionals sent out. One estimate put out by the DoE (Department of Electronics) is Rs.45 crores as being the net earnings. The hardware exports also includes export of systems, peripherals and to rupee trade countries

Business India thus decided to do a small sample research to find out key data on the Indian computer industry and its manpower by talking with a dozen-odd computer professionals (See table.)

It should be noted that professionals employed include those for both the domestic and export markets. In the case of software, it is approximately 50 per cent each in exports and for domestic-software development. Investments include plant and equipment costs, but exclude working capital expenses. Investments are arrived at on a slightly higher scale to account for new companies coming up almost every week in the computers industry. Output includes gross output, inclusive of all taxes and based on final selling prices. Output per employee includes employees working as computer professionals, but excludes other employee categories. Exports and imports are taken at current year levels. Net foreign exchange earned is the difference between gross exports and gross imports.

Thus, it is obvious that the Indian software industry earns back a good Rs.70 crores in the net, while the Indian hardware industry actually loses arou Rs.50 crores because its imports are su stantially higher than exports.

The grouse of the software industry that despite these statistics, the India government has so far treated the se ment in a step-motherly manner and th if the situation persists, the loss would the nation's alone.

How to buy the right software

Software, being intangible, has traditionally been looked at with less respect than hardware. This is especially true of developing countries, including India, where users are reluctant to spend money on software. However, now, users are beginning to accept that it is software that really delivers the goods and that the days when software used to routinely come as part of the hardware are now over. Thus, the clamour to choose the right software has begun.

Choosing the right software is easier said than done. Since there are so ma different users and thousands of types software that can be bought, or made specifications, the need to select the rig software becomes all the more impera tive. A few rules of thumb to help eas that process are presented here.

To start with, there are two maj categories of software. One is mini mainframe computer software and th other is the PC or personal compute software (includes PCs, XTs, and ATs).

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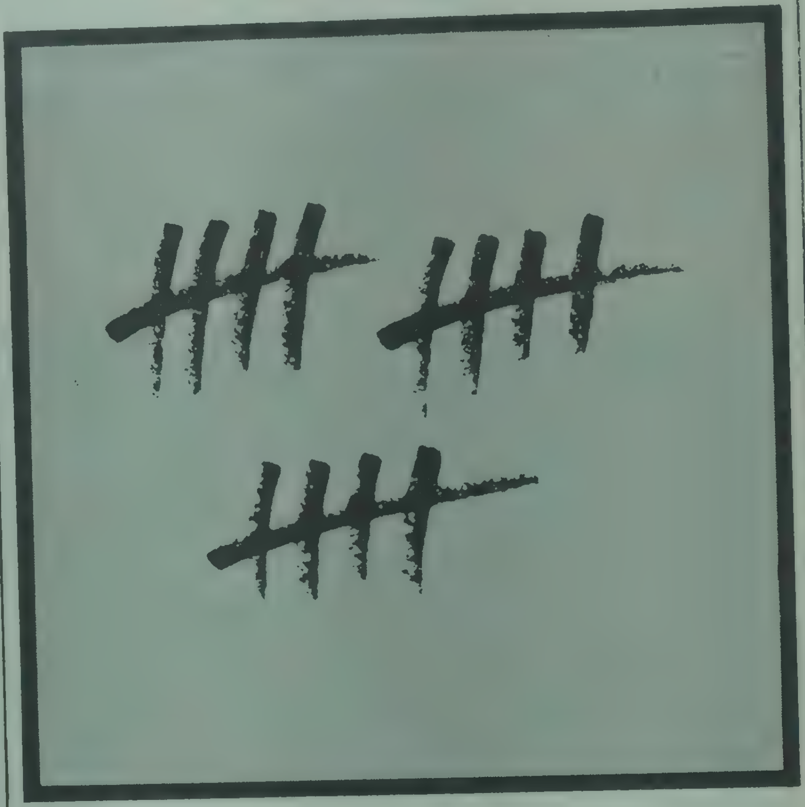

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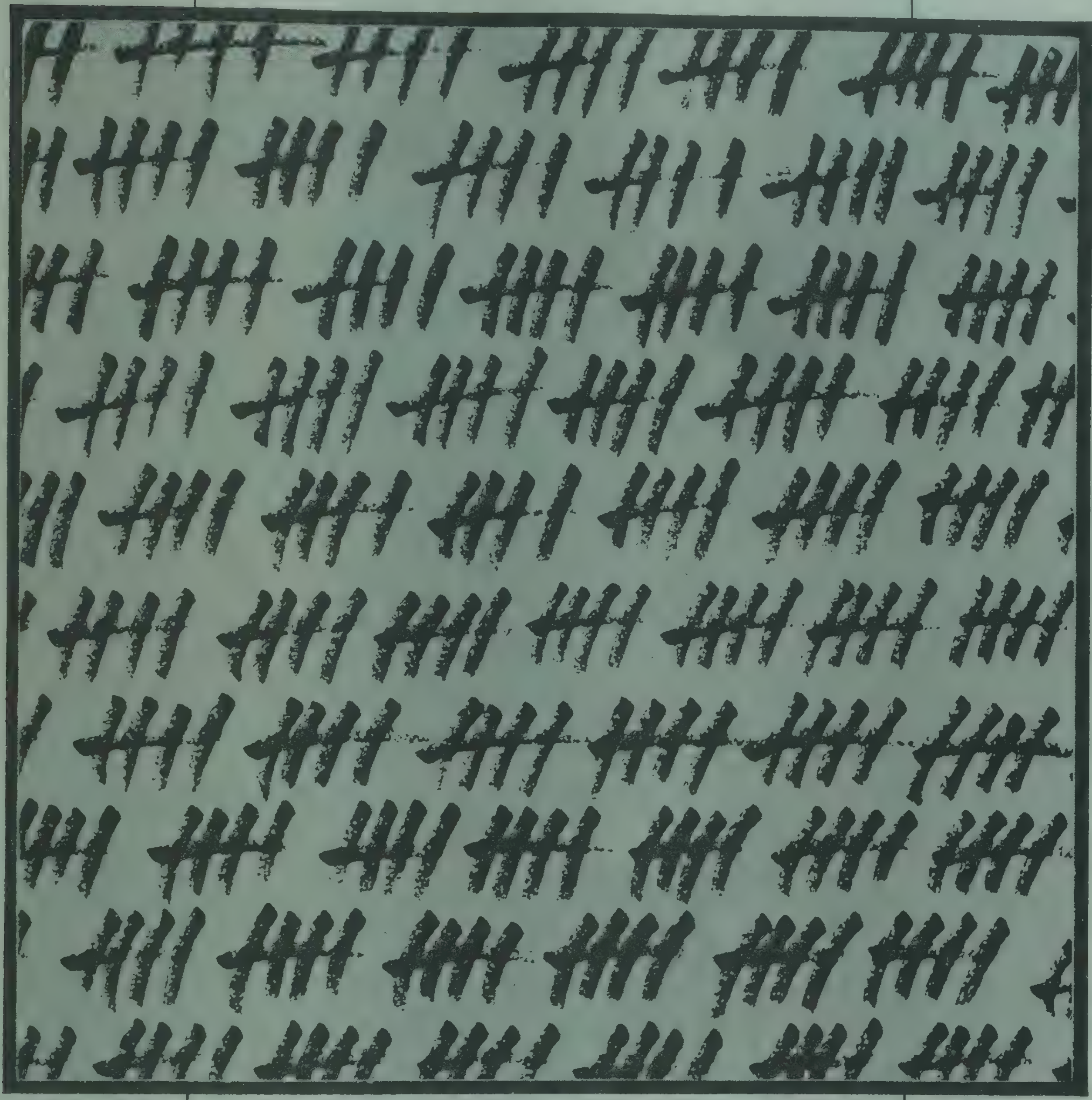

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e users are mainly large companies or ndertakings. That normally means that ey have the necessary infrastructure, parate EDP rooms and enough techni- l manpower to take care of the soft- ıre. In any case, since mini and main- ıme computer prices are already very gh, the software to be used on it comes ith it. One does not buy separate soft- are off the shelf for use in minis and ainframes and in almost all cases, the oftware is specifically written as per the eeds of the user. This is called custom or pplications software.

It is in the PC category that the confu- on arises. The PC software market is lso by far the largest in India and is rowing faster than the other bigger ategories. There are two categories of oftware in this category as well: custom r packaged. Custom software is like in he minis category, where the user has pecialised programs written for his ex- lusive use. Packaged or standardised oftware is what is available off the helves and will run on PCs as long as hey are compatible with the software ackage. The three most widely used oftware packages are word processing, atabase management and spreadsheets.

Word processing is the easiest of the ot. Word processing, or WP, stands for riting, editing, erasing, cutting, pasting r otherwise manipulating textual data. n the US markets there are hundreds of ifferent WP packages available. Most of nese are also available in India, but the ndian de facto WP standard is WordStar om MicroPro International. The latest ersion is called 4.0 but Indian users are o used to earlier versions, that hardware endors dole off free copies of WordStar ven if the client does not ask for it. Most 'P packages usually give users a lot more atures than they need and it could be stimated that most Indian users utilise ıst 60 or 70 per cent of their WP pro- rams.

Spreadsheets are electronic ledgers at manipulate data and are better than lorified calculators. In fact, the world's rst spreadsheet was called VisiCalc, for sible calculator. With Spreadsheets you an do complex accounting, budgeting nd ledger posting jobs with a minimum f trouble. They also automatically hange all other dependent data the oment one item in the list alters.

The Far East, where piracy is the name of the game

The world's de facto standard in preadsheets is 1-2-3 from Lotus Devel- pment Corporation of the US. Its use in ndia is so widespread that quite a few sers think Lotus is a generic name for spreadsheets and that 1-2-3 is just another product.

Database management is what the name suggests — managing vast amounts of textual or numerical data. It is like an electronic library that stores all the information on disks, and one can pick and choose and work on just the information required from that library.

The database management market's torchbearer is dBASE III or III Plus, from Ashton-Tate Inc of the US. However, dBASE III is a programming tool that is more for software writers than actual users. For the actual user, programs have to be written under dBASE's inbuilt programming language.

What the user has to decide is whether to buy a software package off the shelf or have a specialised one written. Take financial accounting for instance. You have the option of buying readymade package from the market, which means you may have to modify your company's accounting procedures to suit the features in the package; or you can have one written for yourself that would be tailored to suit the way accounting is done at your work place. The price of financial accounting packages available in the market today range from Rs 50 to upwards of Rs 50,000. It is not that the costlier the price, the better the product. That decision is for the user to take.

The best way to do that is to personally go out and try different kinds of packages available in the market. Most computer retail stores have them. You can test them to find which fits your kind of operations best and then buy. If in doubt, consult a professional who knows the features of the various packages. But remember that while a decision once made is not final — in the sense of being irreversible — is awkward to change once you have put all the key data to run on the program. It is very, very cumbersome switching packages later on. Apart from the cost of purchase, retraining, re-entering all the data and de-learning the features of a package are tough tasks.

Finally, a few key rules of thumb to keep in mind while shopping for software.

- Most software programs never work right the first time. So don't discard your old, manual system of working the minute the software is installed on the computer. Keep both systems running for a year and shift gradually and carefully to the computer.
- Computer programs evolve over time. What you start off with today may not look the same a year or two later. You may either want it to do something more, or have new data and need to upgrade the software.
- Writing programs and implementing them take time. There are really no shortcuts in computing. And attempting drastic shortcuts may actually be dangerous.
- Make sure you have a good data entry program. Keying in mounds of data into

the system before you can get any results out of it is monotonous and requires pinpoint accuracy. Get a reliable data entry software.

- Finally, remember the 30 per cent rule, followed by software developers worldwide. The first 30 per cent of time is spent in trying to understand what the user wants. It goes by the fancy name of "systems analysis and design". The next 30 per cent is spent in actually writing the software program. The following 30 per cent is spent in implementing the program and finding it doesn't work at the actual user's installation. And the final 10 per cent of the time is spent in explaining to the client why the software did not work the first time or during subsequent trials, and/or cannot be delivered on the due date.

Riddles in piracy

Like video piracy, computer piracy has assumed a multi-billion dollar dimension today — it virtually has industry status itself! But unlike video piracy, which does not give direct commercial benefit to the user (or viewer), computer piracy gives the pirate an opportunity to set up business with the pirated material.

Software piracy has today assumed gargantuan proportions. Of the roughly $50 billion market for software in the US alone, approximately $5 billion is illegal software. In some parts of the world, almost whole economies subsist on pirated use of best-selling PC software. It is commonly said that much of Far East, starting with the Four Tigers (Hong Kong, Singapore, Taiwan and South Korea), has fuelled part of its phenomenal computer industry growth with software piracy. According to a US Department of Labour study conducted a year ago, rampant software piracy has been noted in the Philippines, Thailand, Malaysia, Indonesia, Mexico, Argentina, South Africa, and India, apart of course, from the Four Tigers.

The world software industry loses approximately US $5.7 billion in sales due to piracy. Of this, the US market alone lost $4.1 billion in gross revenues in 1986. These are the findings of an ITC (International Trade Commission) study conducted late last year. The study was conducted on a global basis and covered both the hardware and the software industry. It surveyed 47 computer manufacturing companies and 52 software developing firms and found that up to 95 per cent of the software pirated was of US origin. The major offending countries include the ubiquitous Four Tigers, China, India, Indonesia, Japan, Mexico and Thailand. Of these, only Hong Kong has taken strict corrective action and does not come under the hit list.

A third study conducted by the Washington-based law firm of Dewey, Ballantine, Bushby, Palmer and Wood found that just seven countries alone caused a loss of $347 million in sales for US companies in 1986. The countries (with amounts otherwise accruing to US companies in brackets) are: Brazil (US $143.6 million); Singapore (US $60.2 million); South Korea ($46.3 million); Mexico ($46.3 million); Taiwan ($37.1 million); Argentina ($32.1 million) and India ($8.7 million).

India did not figure prominently in the Department of Labour study, not because the levels of piracy were lower here, but the levels of computerisation itself were considered too small to make piracy in this country an issue of international concern. But that attitude is gradually changing, as the use of computers increases here. But that is cold comfort for local developers of software who see in piracy the end of any chance to make it big in software writing. According to the new National Association of Software and Service Companies (NASSCOM), software piracy levels in this country are as high as 95 per cent or more in the use of packaged or standard software packages. The biggest culprits? The government and the corporate sector.

The Indian government, its various departments, and the public sector undertakings, are the largest users of computers in this country, despite all the talk about lack of adequate or optimum computerisation levels. And almost 98 per cent of the software used has either not or adequately paid for. The same is the case with the Indian or multinational corporate sector operating in India. In other words, whoever uses PCs — IBM compatible PCs to be more precise — uses at least some software that they are not legally supposed to. Says Prem Shivdasani, founder-president of NASSCOM, "Very few Indian organisations use perfectly legal computer software in whichever standard applications they do — right from using Microsoft's Disk Operating System (DOS) to the more well-known micro-computer packages."

How has this situation come abo
"The government is partly to blame," fe
Prakash Hebalkar, senior vice-preside
of Tata Unisys Ltd, "because it has e
couraged hardware companies at the c
of software companies in India." He fe
that the Indian hardware industry h
reached a position of some stability
day, but by neglecting or suppressing t
growth of the software industry.

LOSS IN SALES

Adds Harish Mehta, director of H
ditron Computers Ltd, "Piracy is t
biggest problem we face as software
velopers here. We cannot think of putti
any standard software packages in t
market for fear of unscrupulous peo
making hundreds of copies of it witho
paying a penny to us." That's one reas
why the Indian software industry h
stuck to mini and mainframe softwa
development, which, being applicati
specific, is not so prone to piracy.

The market, in the meanwhile, is shi
ing fast. With the easy availability
standard micro-computer packages fr
abroad, more and more Indian users a
opting for these and building arou
them. "The Indian user has for long be
pampered with free copies of the bes
selling software with hardware pu
chases," says Yash Sahni, general ma
ager of Tata Consultancy Services L
(TCS), India's leading software hous
"So now a resistance has crept in
paying money for software. This is
dangerous situation for local industry.

However, it cannot be denied th
computer usage has really taken off
account of software being so cheaply a
easily available — oftentimes for fr
Feels P.D. Jain, managing director
Mafatlal Consultancy Services Ltd, "T
Indian computer industry would nev
have taken off had piracy of software n
existed. And given the prices of intern
tional software, no Indian would ha
paid that kind of money for it."

The argument is that Indian use
bought hardware because they were a
sured of getting the software free. Do
this justify anything? Hebalkar disagre
"Our whole mode of thinking has be
wrong. If we turn that argument aroun
why not make the hardware free and l
people pay for the software they buy wi
it? Today, hardware prices have fallen
steeply that they have become commo
ties. I feel, most users would be happy
pay for packaged software provided th
get their hardware at internation
prices."

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CMI CABLES — Making the right connections.

hat may perhaps never happen in this
ntry. "Our prices are one-and-a-half
wice as high as internationally pre-
ing ones," admits Raj Saraf, president
enith Computers Ltd. "One reason for
t is the high duties that the govern-
nt levies. Secondly, the costs of distri-
ion, maintenance and other
astructure are so high here that the
e for the end-user rises steeply, com-
ed with the Far East or other Asian
rkets, because of our low volumes. Yet,
petition during the last couple of
rs has driven down the prices by over
per cent."

hat again is no comfort for software
elopers. There are an estimated
)00 computers of various types in-
led in the country today. If all of their
rs were to drop all pirated versions of
ware tomorrow, would Indian com-
ies be able to fill the gap? "Again, it is
overnment problem," feels Hebalkar.
, in this country, shy away from paying
intangibles like software. The govern-
nt would rather sanction foreign ex-
nge for importing hardware than for
worthwhile imports of software."

But the local industry is gearing up to
et supplies of legal software head on.
ne of the biggest US software com-
ies have tied up with Indian partners
marketing their products here. That
includes Microsoft Corp with Tata
isys Ltd; Lotus Development Corp with
mputer Point India Ltd; Ashton-Tate
with Wipro Information Technology
; Cullinet Inc with Patni Computer
vices Ltd; AutoDesk Inc with Hin-
tan Computers Ltd; Robocom Inc with
ernational Data Management Ltd; Or-
Corp with Tata Consultancy Services
; Aldus Corp with Sujata Systems Ltd
Borland International Inc with In-
Ltd. Yet, would Indians pay for the
ware?

ehta is skeptical about it. "In a cou-
of years, the installed base of all
puters would be about 100,000 in
a, with the bulk being made up of
. Do you suppose all the users would
gh up money for standard packages?
the government release foreign ex-
nge to buy the software for stock and
?"

ccording to an industry observer,
foreign exchange outgo to buy such
ware would not be much. The govern-
t does not need to spend a major
unt for it. Even if you take the widest
ed DOS, at $50 a copy, it would have
eep aside $5 million, even for 100,000
Is that a high amount? We pay more than 10 times that for edible oil imports today. Even if we allocate 5 or 10 per cent of the foreign exchange that we otherwise pay for edible oils, we can get all the software we need, legally." He agrees that piracy is a worrying factor. "I shudder to think how our software professionals can survive or even attempt to write packaged software if they are denied their royalties by the piracy market. Technical protection is necessary."

Saraf: first to offer LAN

S.K. Gupta, managing director of Sara Computers Ltd, differs: "Foreign-made software is preferred because of lack of any copy-protection here. On one hand, most US-developed software can easily be copied. On the other hand, Indian software cannot be copied and is usually machine-specific. So the chances of piracy are lower here."

S. Ramani, director of National Centre for Software Technology (NCST), feels that it is necessary to put technical security locks on software developed in India. He says, "We cannot ape the western market and keep our software un-copy-protected. Our markets are small, our margins are lower and our development costs per copy are higher than our western counterparts. Some protection is a must for the software developer here."

Mehta agrees about the high costs of software in the local markets due to the customisation needed. "In the US, the top three PC software companies — Lotus, Microsoft and Ashton-Tate — employ a very low ratio of software developers compared to marketing professionals. In India, it is the reverse. Our expenses on software writers are very high. And even if we were to write standard software, it may not make a dent in India and the costs of getting it to the offshore markets can be abnormally high." Hebalkar adds, "Just the launch costs of a single product can be between $10 to $15 million in the US market alone. The Indian government would never sanction that kind of money for Indian vendors attempting to crack the tough US markets."

Finally, how does one go about convincing Indian computer users to switch from pirate software to legal ones? "The battle is going to be tough, but not impossible," feels Lalit Kanodia, president of Datamatics Consultants Ltd. "We need all the help we can get from the government, the courts and perhaps, the police." But, the first crack may have to be taken at the government itself and the Indian corporate sector. If a couple of companies are taken to court for infringement of copyright, the others may fall into line out of fear. But that may not be necessary either, feels Ramani. "Most companies are very conscious about their public images. Even if the software companies were to send them mere legal notices, they would switch to buying legal versions of the best-selling packages."

What about the growing legion of individual, small scale and single users? Obviously, that would be a much tougher segment to handle, being as diffused as it is. In any case, it would be unfair to pick on the single users first, before going after the large companies that blatantly use pirate software. "We may have to bring about a change of thinking in the user community," says Sahni, "only then there would be an automatic, psychological impetus to change over to legal software."

Everyone agrees the task ahead is daunting. The US is fighting a tough battle with the Four Tigers in Asia where piracy is the name of the game. Besides, the big US companies are losing out in these large pirate-dominated markets, even when there is government backing to weed out pirate users. Though India has still to reach the levels of computer saturation and attendant piracy that the Far East has reached, it would be better to take remedial steps before the top US software and computer companies decide to move us up on their hit list. The key is to try to mould the average or the corporate Indian user to buy legal software before that final step of taking him to court becomes necessary.

Some success stories in the software business

Software developers are not in the same high-profile league as the hardware companies. In the computer industry, it is the systems and peripherals vendors that are more in the limelight, and advertise profusely, despite there being cut-throat competition, lower margins and smaller sales volume *per se*.

While there are large companies like Tata Consultancy Services (TCS), Tata Unisys Ltd (TUL), Datamatics Consultancy Services, and Wipro, that do take on large jobs, basically on mainframe and mini computers for clients like banks, railways and defence, they represent only a small fraction of total software development activity. On the whole, however, Indian software developers are a fragmented lot. It is easy to get into the software industry. Many two- and three-man units have mushroomed in the country over the past few years, working on minis as well as personal computers. No single company yet enjoys a country-w reputation as India's leading softw vendor in the PC or mini segment. some successes in the industry keep facing from time to time, as the follow three cases show.

The three units are all Bombay ba This is not to say that there aren't suc stories in other cities in India, but these companies have managed to m a name for themselves in their respec areas while being headquartered in B bay. Moreover, these companies hav country-wide presence.

The first is Jay Business Machine relatively new entrant in the compu industry. It is a subsidiary of Jaysynth Chem Ltd. Jay developed an in-ho colour matching system for use in textile processing industry. The softw was ported onto an IBM compatible AT and offered to end-users. "The sponse has been overwhelming," Sharad Kothari, president of Jaysy "People bought the hardware becaus the exclusive software we offered or We have managed to sell 22 systems." end result? From nothing two years Jay Business Machines has a turnove Rs 2 crores today.

The other success story is Abacus C puters Ltd. Abacus has made a name itself in the desk-top publishing (D segment and recently offered users mu lingual options. The company has b concentrating only on DTP systems, lier with Apple Macintosh computers now with the IBM PC compatible ra and is today recognised as India's leader. Comments president R.S. Dug "Our market penetration in all kinda DTP in India is the highest. We have Times Group and almost all the ne papers in Goa as our prime clients. all this has been on account of just DTP software that goes with hardwa

The third success story is Zenith C puters Ltd. Zenith has been a long-t player in the PC market, and last yea became the country's ninth largest c puter company. Its software offering? cal Area Networks (LAN) from No Netware Inc of the US. Zenith offers b the top-end (SuperLAN) and lower- (AlphaLAN) networks and saw a matic increase in revenues when it be vending LAN with the hardware. S president Raj Saraf, "We were the firs

Abacus: from zero to Rs.2 crores in 2 years dia to announce a LAN and offered it as package deal, with the hardware, in a al solutions' environment. Had we of- ed just the software or just the hard- are, it would not have made enough of a fference."

The success of these three companies ow that there is a tremendous poten- l for software-led growth in the Indian arket. That, in turn, and with a little agination, can help hardware com- nies grow as well.

Its now software's urn to grow"

em Shivdasani, 49, erstwhile managing rector of International Computers dian Manufacture (ICIM) Ltd and under-president of Manufacturers As- ciation of Information Technology MAIT), is now the president of the ewly-formed National Association of ftware and Service Companies (NA- SCOM). The association seeks to repre- nt Indian software developers and porters.

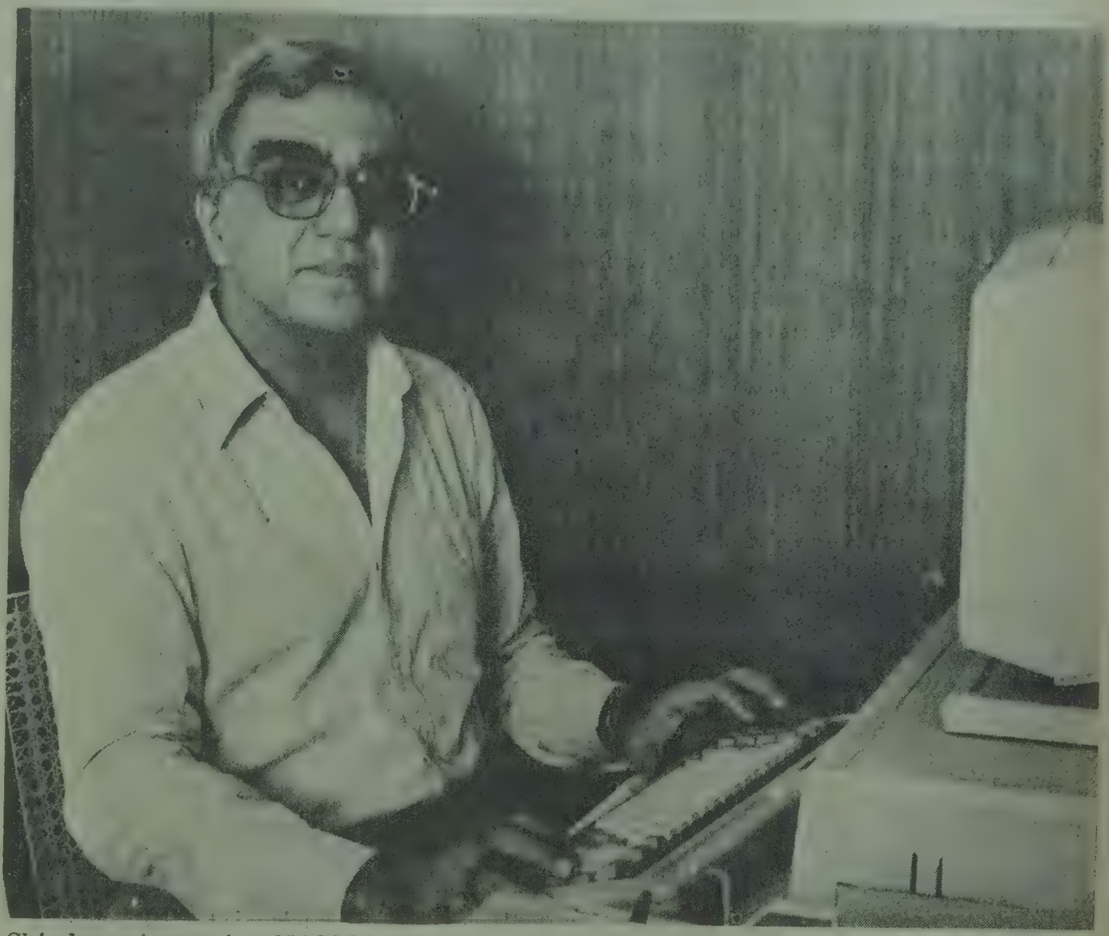
NASSCOM, headquartered in Bombay th more than 25 large and medium ftware member units, was formed by y MAIT members who felt the need for exclusive software spokesbody to rep- sent its views to the government and mputer users. Shivdasani, considered e of India's leading computer profes- nals, was invited to steer the fledgling ftware association to maturity. *siness India* spoke to Shivdasani at e makeshift NASSCOM office at Hin- ron's corporate premises. Excerpts.

imary objectives of NASSCOM.

help software become an industry, a althy business that can grow in a oper manner. To help the industry ach global pre-eminence. To foster legal e of software among the Indian user blic. To develop human resources for e growth of the industry, and to pro- te a healthy respect for, and under- nding of, the software business in mmerce and government.

SSCOM's relations with MAIT.

have no conflict with MAIT. In fact, we k to work together because our ends the same — the growth of the com- ter industry. MAIT is primarily a voice the Indian computer hardware indus- and we complement it by being the ce of the Indian computer software industry. Quite a few members of MAIT are our members, and vice versa.



Shivdasani: steering NASSCOM to maturity

On software exports.

Today, most software exports are just manpower exports or consultancy jobs. However, as awareness of software increases in India and the importing countries become aware of Indian capabilities, software exports can only rise. We are working with the Indian government to try to set realistic targets for software exports. I personally believe we cannot touch Rs 300 crores by 1990. But I am sure if the right policies are in place, we could touch Rs 1,500 crores in software exports by 1995 or thereabouts. The potential exists, now the impetus has to come.

On the local market.

Unfortunately, the local market for software has not grown very well, at least as far as packaged or standard software is concerned. As in exports, it is just the custom or applications software market that has grown. A major reason for this is the rampant software piracy, especially in the IBM compatibles market. Unless a change in attitudes is brought about, it is going to be difficult to convince Indian buyers to pay for software.

On tackling piracy.

NASSCOM believes piracy will have to be tackled from all angles. Educating the user is one. Bringing about an ethical, attitudinal change in buying habits is another. And taking recourse to legal means is the third and ultimate one. NASSCOM will not shy away from going to court to protect its members' copyrights if it comes to that. I agree it is going to be very difficult to monitor piracy in the vast Indian market, but where legal software copies can be bought as alternatives, NASSCOM will try its best to see that they are.

On government recognition.

The Indian government and its various bodies have officially given NASSCOM due recognition. In some cases, the development has been welcomed as being long overdue. We are working closely with financial institutions like the Exim Bank, the Export Credit Guarantee Corporation and the Department of Electronics to see how best we can jointly work towards national goals.

On a plan of action.

For a start, we have formed a 12-member executive council as the governing body of the association. We have also formed three key committees to work on goal-oriented tasks. They are the export promotion, the intellectual property and piracy, and the government and finance committees. We have only corporate members who are spread all over the country. We are committed to putting software on India's economic map.

Any news is bad news

(For the period 1 August to 12 August 1988)

Stockmarkets, it is said, thrive on rumour but are cold towards fact. Hence, while prices may rise high on expectations, the actual announcement can often come as a disappointment. (This does not mean that the market's expectations of future events are always exaggerated towards the optimistic outcome with the result that the actual outcome is always a disappointment.)

This is especially true in bear markets such as in the fortnight under review. Consider, for example, what happened to Tata Tea when it declared a 2:5 bonus on 9 August along with excellent half-yearly results. While the average market expectation may well have been of a 2:5 bonus, individual expectations differed widely ranging from 1:5 among bears in the scrip all the way up to 4:5 for bulls. But because the market is bad these days, bulls have lost more money than bears in other scrips, so that after an announcement of good news, they are more keen to realise gains than in a good market (while bears — having made money elsewhere — are under less pressure to take losses). This factor led to undue selling pressure in Tata Tea after the announcement of the bonus even though the announcement was quite as expected, causing the price of the share to fall sharply. For other such examples, see table.

The market turned bearish over the fortnight after a good performance earlier, although the fall in stock prices was at a steady pace. The *Economic Times* All India Index of Share Prices started at 269.9 and fell at a fairly constant rate of half per cent per trading day for the most part, ending at 259.2. The fall in the Bombay Stock Exchange Index was more gentle with the index dropping 1.7 per cent to 593.3 from its previous fortnight's close at 603.59. This was largely due to rises in some important scrips such as Larsen and Toubro which rose from Rs.104 to Rs.114.50 on very heavy trading amid expectations of excellent year-end results and rumours of takeover by the Chhabrias or the Ambanis. Century Enka also rose from Rs.1,480 to Rs.1,520 with the announcement of its half-yearly results, but not as spectacularly as its profit after tax, which more than quadrupled.

Other shares were mostly marked down, including Reliance Industries which fell from Rs.207 to Rs.200 and Tata Steel which fell from Rs.826 to Rs.807.5. Bombay Dyeing, which has been the subject of speculation both ways following the company's burden of higher cost paraxylene (which is an input in the manufacture of DMT) coupled with its determination to halt production if not adequately compensated for the higher cost on the one hand and, on the other, its oligopolistic power in the DMT market, fell from Rs.115 to Rs.111. ACC, under a cloud after the departure of its Managing Director, B.K. Banerjee, fell from Rs.253 to Rs.225.50. To add to its woes, cement prices have fallen back to Rs.66 a bag from the year's high of Rs.72 a bag in March, although prices are expected to rise again after the monsoon. A further reduction in the levy quota of cement is still expected, notwithstanding the central government's resource crunch. Automobile shares were relatively steady. Premier Automobile fell marginally from Rs.32.25 to Rs.32. Its recent decision to raise new car prices by Rs.3,500 per car is a signal of good performance. Hindustan Motor was also down to Rs.25.50 from Rs.27.75, but considerably above its post-result low of Rs.21.25.

The paradox, of course, is that the flow of corporate results continues to be encouraging while the market is not as ready to follow suit. Part of the reason may lie in a tighter money market now that the busy season for farm credit is on. This encourages money to flow towards interest bearing securities and also shows up in higher *badla* rates which rang from 21 per cent to 24 per cent for t current settlement, against 15 per ce earlier. However, *badla* rates are mo likely to have ceilings rather than floo given that the upper limit is determin by the general interest rate while t lower limit depends on the level of sho sales. This means that if the prese bearish trend continues, then *badla* rat will drop.

Name	Event	Date of Event	Price Before Event	Price on 12/8	% change
G.E.C.	YEARLY PAT UP 63%	2/8	37.50	36.00	— 4
SKF BEARINGS	HALF YEARLY PAT UP 72%	1/8	1490.00	1435.00	— 4
TELCO	TATA ESTATE CAR ANNOUNCED, QUARTER SALES UP 24%	11/8	682.50	662.50	— 3
TATA TEA	2:5 BONUS	9/8	130.00	120.00	— 8

BEARISH TREND

The present bearish trend need n continue. The Unit Trust is flush with ne funds of Rs.2200 crores from unit sal during July. It has also launched hundred million dollar India Fund in t US, the proceeds of which will be invest to the extent of 80 per cent in stoc markets within 12 months. Its purchas should, therefore, help stockmarkets. should the relaxation in the ceiling non-resident Indians' holdings of India companies from 5 per cent to 10 per cen It is true that the deteriorating balance payments position and the continuan of political uncertainties loomed lar over the economic horizon during t fortnight and seemed to be the ma reason for the fall in stock markets, b their bearish shadow ought certainly be discounted. The key to the form problem is growth, and to the latter, system which encourages pluralism views. The situation is encouraging both counts.

A shadow lay over the Bombay Sto Exchange at the close of the fortnig after the decision to expel a promine broker, Ghanshyam Biyani. Brokers, u set that a particular member was singl out for expulsion, kept the market close on 11 August. The "irregularities" which he is accused, viz. kerb tradin insufficient margin payments and exce sive speculation, are symptoms of a fau in the system and not in a single brok While no defaulter ought to go u penalised, it is true that Biyani's acti ities do not constitute an aberration the system but rather typify it. It is cle that any system that routinely allows i members to take positions without du advance consideration to liquidity is r ally only encouraging default and lowe ing its own credibility. The Stoc Exchange and its watchdog, SEBI, oug to take up the challenge before it loses i investing clientele.

■ RAFIQ DOSSA

'roblems of plenty

a cocktail party last week, a senior inker remarked, "It is always a pleasure see so many people give so much oney, but there is also an agony inolved." He was referring to the current edicament of the country's largest instment institution, the Unit Trust of dia (UTI).

To its pleasant surprise, the UTI, with a tal portfolio running between Rs.10,000 Rs.12,000 crores from all its 26 hemes, found that the special rates it fered on the sale of units (Rs.13.20 per nit) last July were attractive to many. So attractive that money started pourg into units like a winter landslide in e Srinagar valley," says a manager of a ationalised bank.

Unconfirmed reports indicate that tol sale of units in July could (when the inal tally comes in) be over Rs.1,500 rores.

Compared with the total unit sales of pproximately Rs.700 crores in July 1987, nd the total figure for 1987-88 which as well under Rs.1,500 crores, the July 988 sale is a record which has taken veryone by surprise.

Given the regulated Indian money maret, and the attendant restrictions, it is ot surprising that UTI managers are lready agonising about locating investent opportunities that give an effective te of return and in adequate numbers.

Why did units become so popular in ly? According to the UTI man, the interank call money market (comprising ash balances of banks with other banks d with the Reserve Bank of India) had onormally surplus funds. "April-October the lean season, when the requirement funds are low. Moreover, the demand r food credit was lower than normal ears probably because of last year's ought."

What followed was that the inter-bank ll money market (banking system) beme flush with funds. Call money rates oftened to around 9 per cent against a iling of 10 per cent. Several banks cluding several foreign banks found a adily available source of funds.

"The offer price of Rs.13.20 (per unit) d a dividend of 16.5 per cent for 87-88 made the yield attractive and its made good investment sense," says e banker. What made it more attractive as the expectation of the silver jubilee vidend for the year 1988-1989 and a bonus dividend. This would work out to a higher yield provided UTI does not belie expectations. Tax benefits hold the units till the next financial year ending 30 June, 1989 are not included. The theory goes that banks saw this opportunity and exploited the fund-flush call money market. It is estimated that almost Rs.700 crores has been channelised into units from this market.

Yielding an effective return of 13 per cent against an average cost of funds bordering 9 per cent, banks then entered into 'ready forward' transactions and placed the units with their clients. By this arrangement banks finance companies to buy units three months hence at an attractive rate, say, 14 per cent. The cost of holding units being very cheap at 8 to 9 per cent (the rate at which the funds were raised in the call money market), banks have a good spread. "The understanding is that the units will be delivered at a rate of 14 per cent, three months down the road," says an analyst. "It is not a loan against units but an investment deal," he says.

The July event raises questions about whether the UTI can find investment avenues for parking what are essentially short term funds. Most of these funds will be required back in the banking system once the busy season sets in from October 1988 to March 1989. The options available to UTI are the bill re-discounting market (yield 12.5 per cent), the equity market, public sector bonds (yield 13 per cent) corporate debentures (yield 14 per cent), government securities (yield 11.5 per cent) and short term loans (yield 16 per cent). No UTI official was willing to comment on the way the funds were going to be deployed.

One way out is to extend Section 80M benefits to investments in the other two funds, Canbank Mutual Fund and SBI Magnums, "thereby spreading the burden" says an investment broker. "The new funds would get a fillip and this market would clear the lop-sided nature of the market," he predicts.

It is believed that a not insignificant portion of the funds from the July sale, will find its way into the banking system. Says a banker from a foreign bank, "some of the funds that were invested in units during July were raised from the call money market. And it is likely that UTI will invest in government securities in bulk. The sellers are the Reserve Bank of India (RBI) and the commercial banks. The main source would have to be the banks, given the limited availability of government securities with the Reserve Bank of India.

■ BASUDEV DASS

PUBLIC SECTOR BONDS

Citibank gets into the act

Undeterred by State Bank of India's poor show in the public sector bonds (PSB) over the counter (OTC) sale, Citibank opened two counters in Bombay last fortnight for trading in PSBs.

It was a year ago that the State Bank of India (SBI) started OTC sales of PSB at selected branches in order to enable small investors to invest in them. The bonds which offer security and reasonable return were not very liquid. So it was thought that, by quoting a two-way price, SBI would be making a market and thereby ensuring liquidity. SBI now has 13 outlets. However, according to SBI officials in charge of OTC operations, the response to the scheme has been less than encouraging. SBI has managed to sell only Rs.20 crores worth of bonds since June 1987. (The total bonds issue of public sector enterprises since 1986 is almost Rs.2,500 crores). SBI officials admit the administrative cost of running the facility is more than the 2 per cent spread that SBI earns by trading in bonds. This has prevented SBI from putting taxable bonds (bearing 13 per cent interest) and tax free bonds (bearing 9 and 10 per cent interest) on sale at the OTC outlets. SBI continues to sell only 14 per cent taxable bonds.

Citibank thinks differently. Suren Khirwadkar, marketing director, consumer services group of the bank, believes that the right marketing inputs would generate a large demand for the bonds. Citibank's marketing savvy is evident from the way it has packaged the service. Launched as "liquid investment services" it is aimed at an audience comprising recently retired people and those on the verge of retirement (for the taxable bonds) and people of high net worth (for the tax free bonds).

Citibank perceives the PSB market to be a low margin, high volume one — in fact its expectations have been vindicated with sales in Calcutta, Delhi and Bombay already aggregating over Rs.1 crore.

■ KEYA SARKAR

STOCKMARKETS

Company	Year end	Equity	Reserves	Book value	Market value	Year high	Year low	EPS	PE	Half year EPS	Dividend	Yield	Bonus year	Bonus rate
20TH CENTURY,10	11/86	6.34	10.86	27.13	25.00	27.00	17.00	5.91	4.23	5.33	27.00	10.80	[illegible]	2:5
A.P.SCOOTER,10	07/86	9.16	-9.47	-0.34	4.50	6.24	2.00	0.00	0.00	0.00	0.00	0.00	[illegible]	
ACC,100	07/87	40 85	106.60	360.95	225.50	256.50	120.50	0.83	271.69	0.00	10.00	4.40	86	1:5
AHM CALICO,125	06/87	13.56	16.43	276.46	29.00	41.00	25.00	134.66	0.22	0.00	0.18	0.75	77	1:7
AHM ELECTRIC,100	03/87	16.74	64.75	486.80	148.75	150.00	120.00	50.60	2.94	0.00	16 00	10.80	87	1:5
ALFA LAVAL,10	12/87	5.21	15.07	38.93	65.00	74.00	46.00	5.83	11.15	1.42	18.00	2.77	86	1:2
ALLWYN NISSAN,10	06/87	16 54	0 15	10.09	8.00	11.00	3.76	-2.20	0.00	0.00	0.00	0.00	0	
AMAL RASAYAN,10	03/88	1 48	2 81	28.99	75.50	82.00	42.00	12.16	6.21	10.80	10.00	1.32	0	
AMB SARABHAI,10	06/87	22.20	-3.61	8.37	12.75	16.00	10.00	0.00	0.00	0.00	0.00	0.00	82	1:5
AMFORGE,10	03/88	5.33	8.92	26 99	26.00	29.50	23.00	3.75	6.93	4.29	22.00	8.46	0	
ANDHRA CEMENT,10	03/87	9.51	11.54	22.13	11.50	14.50	7.75	0.72	15.97	0.00	10.00	8.70	67	1:2
ANDHRA VALLEY,100	03/87	10.51	34.43	427.59	172.50	195.00	142.50	160 89	1.07	121.79	16.00	9 30	75	1:9
ANDREW YULE,10	03/87	9 41	22.31	34.24	16.50	24.00	16.50	217.12	0.08	0.00	10.00	6 06	67	2:5
ANNAPURNA FOILS,10	03/88	9.05	0.00	10.00	9 00	12.25	6 00	0.00	0.00	0.00	0.00	0 00	0	
APPLE LEASING,10	09/87	3 56	0.81	12.28	13.50	20.00	11 50	2.03	6 65	3.93	23.00	17.04	0	
APPOLLO HOSP,10	06/87	5.44	0.14	10.26	10.50	12 00	8 50	1.47	7 14	3.16	10 00	9 52	0	
APPOLLO TYRES,10	10/87	7.75	1.34	11.73	27.50	34.50	22.75	18.53	1.48	7.29	0.00	0.00	0	
ASEA LTD,10	12/87	3.00	7.33	34.43	53.00	68.00	38.00	3.80	13.95	0.00	18.00	3.40	0	
ASHOK LEYLAND,10	12/87	21.39	72.03	43.67	45.50	50.00	29 00	3.60	12.64	0.00	18.00	3.96	78	1:2
ASIAN CABLES,10	12/86	3.03	5.00	26 50	42.00	50 50	30 00	4.32	9.72	7.70	17.00	4.05	81	1:3
ASIAN HOTELS,10	09/87	13.64	1.30	10.95	34.50	40.50	28.00	1.79	19 27	2.80	10.00	2.90	0	
ASIAN PAINTS,10	12/87	12.45	32.81	36.35	161.25	175.00	128.75	10 07	16.01	0.00	30.00	1.86	87	1:2
ASSAM CO,10	06/87	7.00	18 20	36.00	99.00	112.50	90.00	6.43	15.40	6.44	40.00	4.04	85	1:1
ASSAM FRONTIER,10	06/87	3.00	6.80	32.67	105.00	120.00	91.00	11.10	9.46	12.40	50 00	4.76	0	
ASTRA IDL,10	06/87	2 50	1.86	17.44	29.00	35.50	27.00	2.72	10 66	3.52	10.00	3.45	0	
ATLAS COPCO,10	12/87	7.26	7.96	20.96	52.50	63.50	33.50	1.65	31.82	0.00	16.00	3.05	87	1:2
ATLAS CYCLE,10	06/87	1.15	4.73	51.13	51.00	69.00	36.00	5.00	10.20	4.60	20.00	3.92	87	1:2
AVERY INDIA,10	12/87	4.20	9.34	32.24	106 00	131.00	93.00	8.57	12.37	0.00	35.00	3.30	84	2:5
BAJAJ AUTO,10	06/87	18 81	175.00	103.04	261 25	267.50	182.50	34.32	7.61	22.43	80.00	3.06	87	1:1
BAJAJ PLASTIC,10	12/87	1.50	4.94	42.93	20.50	36.00	20.50	1.20	17.08	-3.80	0 00	0 00	86	1:1
BAJAJ TEMPO,10	09/87	3 60	42.10	73.79	75.00	95.00	65.50	3.15	23.81	2.53	12 50	1 67	86	1.1
BAKELITE HYLAM,10	06/87	4.50	8.21	28 24	26.50	27.50	15.00	23.78	1.11	0.00	16.00	6.04	80	2:3
BALLARPUR,10	06/87	13 98	266.25	200.45	47.50	48.00	34.00	3.52	13.49	2.02	22.00	4.63	75	1:5
BARODA RAYON,100	06/87	12.14	18.05	248.68	235.00	282.50	140.00	-46.71	0.00	0.00	0.00	0.00	82	1:2
BASF,10	12/87	2.84	11.14	49.23	85.00	100.00	63.33	7.01	12.13	4.61	20.00	2.35	88	1:2
BATA INDIA,10	12/87	10 50	17.18	26.36	64.50	75.00	52.25	3.70	17.43		15.00	2.33	87	1:1
BATLIBOI,10	09/86	2.79	4.42	25.84	11.50	17.50	11.00	0.00	0.00	0.00	15.00	13.04	0	
BAYER INDIA,100	12/87	16.22	11.19	168.99	350.00	360.00	285.00	27.25	12.84	0.00	16.00	4.60	0	
BEST&CROMPTON,10	12/86	4.73	18.64	49.41	37.00	38.00	30 00		0.00		15.00	4 05	82	3:5
BHADRA PAPER,10	09/87	10.57	17.51	26.57	25.00	28 50	22.50	4.16	6.01		20.00	8.00		
BHARAT FORGE,10	09/87	5.27	24.50	56.49	126.00	146.00	103 00	10.21	12.34	17.22	25.00	1.98	81	1:1
BHARAT GEARS,10	07/87	4.03	6.98	27.32	14.00	18.00	10.00	2.08	6.73		12.50	8.93		
BIHAR ALLOY,10	12/87	8 20	-11.24	-3.71	15.50	19.25	12.75	1.45	10.69			0.00		
BIMETAL,10	06/86	1 91	6.70	45.08	62.00	67.50	50.00	4.35	14.25	5.24	20.00	3.23	81	1:2
BINDAL AGRO,10	12/87	3 79	2.85	17.52	92.50	112 00	52.00	11.35	8.15		5.62	0.61		
BIRLA JUTE,10	03/88	20.37	83.19	50.84	41.00	45.00	32.00	0.11	372.73		14.00	3.41	86	1 1
BIRLA YAMAHA,10	08/87	8.00	0.17	10.21	9.50	16.00	8.75	0.21	45.24			0.00		
BLOW PLAST,10	07/87	1.00	4.61	56.10	32 00	62.50	29.00	30.80	1.04		30.00	9.38	87	1:1
BLUE STAR,10	06/87	3 55	7.32	30.62	41.00	48.00	37.00	6.51	6.30	7.95	18.00	4.39	86	3:5
BOM BURMAH,100	09/87	5.52	14.56	363.77	360.00	510.00	350.00	36.59	9.84	37.21	20.00	5.60	78	1:4
BOM DYEING,10	03/87	11.24	40.01	45.60	111.00	159.50	94.00	5.54	20.04	14.02	14.70	1.32	79	1.1
BOM SUBURBAN,100	03/87	5.85	64.09	1195.56	183.75	183.75	150.00	121.37	1.51	108.04	20.00	10.90	81	1:3
BOOTS,10	03/88	8.10	6.76	18.35	92.00	110.00	64.00	4.95	18.59		18.00	1.96	87	1:1
BOROSIL GLASS,10	12/87	2.25	6.83	40.36	96.00	96.00	50.00	5.29	18.15		20.00	2.08	82	1:2
BRITANNIA,10	11/87	12 39	20.98	26.95	83.00	101.00	75.00	7.70	10.78	2.57	24.00	2.89	87	2:5
BROOKE BOND,10	06/87	24.73	22.90	19.26	85.00	95.00	74.50	5.83	14.58	7.04	30.00	3.53	86	3:5
BURROUGHS,10	03/87	3 00	11 76	49.20	151.25	170.00	115.00	3.93	38.49	8.33	15.00	0.99		
C.E.S.C.,10	03/87	16.94	62.17	46.70	17.00	18.50	12.50	5.59	3.04		16.00	9.41		
C.P.TOOLS,100	12/87	4.57	9.43	306.35	460.00	790.00	435.00	57.02	8.07	7.88	18.00	3.90	77	1:3
CABLE CORP,10	12/87	9.00	10.99	22.21	38.50	40.50	26.00	5.19	7.42		18.00	4.68		
CARRIER AIRCON,10	03/88	6 25		10.00	22.75	25.50	10.50		0.00			0.00		
CEAT TYRES,10	06/87	9.32	65.94	80.75	60.00	88.00	52.50	13.20	4.55	15.43	25 00	4.17	86	1:2
CEMINDIA,10	09/87	1.28	7.27	66.80	87.50	110.00	85.00	10.16	8.61	7.48	27.00	3 09	84	3 5
CENTURY ENKA,100	12/87	11 87	69.85	688 46	1520.00	1550.00	1080.00	118.03	12.88	140.94	38.00	2.50	88	2:5
CENTURY SPIN,100	12/87	26.62	203.09	862.92	882.50	901.25	617.50	59.91	14.73	23.78	24.00	2.70	86	2 3
CHAMPAGNE 10	12/86	2.00	-0.69	6 55	16.50	30.00	14.00		0.00			0.00		
CHLORIDE,10	08/87	20.65	13.55	16.56	63.50	79.00	60.00	4.46	14.24	5.20	31.00	4.88	[illegible]	3:5
CIFCO FINANCE,10	07/87	4.80	0.41	10.85	7.75	10.00	3.50	1.79	4.33		14.00	18 06		
CITURGIA,10	03/87	3 38	5 02	24.85	75.00	77.50	62.00	3.63	8.69	3.54	35.00	4.67		
COLGATE,10	12/87	15.72	15.18	19.66	218.75	228.75	160.00	9.63	22 72		50.00	2.29	87	1:1
COLOUR CHEM,100	03/87	7.94	10.64	236.52	410.00	420.00	320.00	42.44	9.66	38.69	18.00	4.40	80	2.5
COMET STEEL,10	03/87	6 13		10.00	10.50	16.00	9.00		0.00			0.00		
COROM FERT,100	03/87	24 32	36.61	25.05	27.00	35.00	21.00		0.00		8.00	29.60	86	1:2
COSMO FILMS,10	12/86	2 32	5 88	35.34	53.75	77.50	47.50	4.73	11.36	8.59	18.00	3.35		
CROMPT GREA,100	06/87	9.60	58 48	709.17	430.00	470.00	285.00	5.57	77.20	55.42	15.00	3.50	79	1.3
CYANAMID,10	11/87	5.25	10.26	29.54	35.00	52.00	34.50	2.46	14.23	1.47	10.00	2.86		
DCM MILLS,10	06/87	23 02	52 04	33.00	35.00	43.00	28.75	0.50	70.00			0.00	71	4:5

Company	Year end	Equity	Reserves	Book value	Market value	Year high	Year low	EPS	PE	Half year EPS	Dividend	Yield	Bonus year
DCM TOYOTA,10	06/87	15.00	-7.25	5.17	8.00	13.50	6.50		0.00			0.00	
DEEPAK FERT,10	03/88	14.82	7.05	14.76	37.25	45.00	23.00	3.03	12.29		18.75	5.03	
DEEPAK NITR,10	10/87	2.43	4.01	26.50	37.00	44.00	27.50	3.99	9.27		15.00	4.05	85
DEMPO STEAM,100	06/85	2.00	-9.83	-391.50	5.00	6.50	5.00		0.00			0.00	
DHARAMSI,10	12/87	6.24	10.44	26.73	23.25	25.00	14.00	1.04	22.36		10.00	4.30	79
DR REDDYS,10	12/87	1.37	0.81	15.91	53.75	80.00	46.25	4.53	11.87		20.00	3.72	
DUNCAN AGRO,100	12/86	2.03	14.11	795.07	165.00	176.00	151.00	92.12	1.79		15.00	9.10	77
DUNLOP,10	03/88	18.99	64.48	43.95	71.50	83.00	68.00	10.64	6.72		30.50	4.27	76
E I HOTELS,10	03/87	23.84	37.31	25.65	50.00	53.00	36.00	4.14	12.08	6.16	20.00	4.00	84
E. MERCK,10	12/87	5.94	5.04	18.48	62.00	67.50	44.00	2.22	27.93		16.00	2.58	86
EICHER MOTORS,10	04/87	3.96	1.02	12.58	6.50	10.00	5.50	6.39	1.02		12.00	18.46	
EID PARRY,10	06/87	6.28	5.12	18.15	32.50	39.50	29.50	1.39	23.38	1.53	15.00	4.62	
ELECON ENG,10	12/87	5.65	24.76	53.82	49.00	73.00	43.00	4.60	10.65		15.00	3.06	87
ENFIELD,10	06/87	5.04	9.45	28.75	10.20	11.50	8.25	-15.85	0.00			0.00	85
ENGLISH ELECT,10	03/87	9.00	13.33	24.81	56.00	66.00	47.75	4.38	12.79		27.50	4.91	87
ESCORTS,10	12/86	27.59	69.82	35.31	48.00	54.50	36.00	2 74	17.52	4 68	22.00	4 58	86
ESKAYEF,10	11/87	5.00	16 76	43.52	120.00	147.00	97.00	11.58	10.36	6 06	25.00	2.08	88
ESSAR SHIPPING,10	12/87	34.87	37.98	20.89	18.00	26.50	15.50	2 23	8.07		20.00	11.11	
EXCEL,10	09/87	4.62	7.12	25.41	54.00	59.50	34.00	1.30	41.54	7.19	10.00	1.85	84
F A G PRECISION,100	12/87	3.36	7.09	311.01	122.50	122.50	105.00	9.79	12.51		10.00	8.20	
FERRO ALLOYS,100	06/87	5.52	18.78	440.22	240.00	330.00	122.50	13.41	17.90	63.42	5.00	2.10	80
FGP LTD,10	03/87	4.89	5.82	21.90	27.50	31.25	23.75	4.09	6.72	3.73	16.00	5.82	87
FICOM ORGANIC,10	09/87	1.29	3.07	33.80	171.25	188.75	125.00	17.03	10.06	19.84	30.00	1.75	87
FINOLEX,10	11/87	1.80	15.13	94.22	260 00	278.75	154.00	45.11	5.76	34.61	40.00	1.54	88
FIRST LEASING,10	11/87	3.77	8.78	33.29	16.25	20.00	15.00	6.37	2.55		25.00	15.38	83
FLAKT INDIA,10	12/87	3.40	2.85	18.38	50.00	73.75	47.00	4.35	11.49		20.00	4.00	86
FOOD SPEC,10	12/87	19.20	20.16	20.50	130.00	143.75	93.75	5.56	23.38		25.00	1.92	86
FORBES FORBES,10	06/87	4.25	4.59	20.80	25.00	35.00	22.00	3.22	7.76		18.00	7.20	82
FULFORD,10	12/87	0.40	2.68	77.00	270.00	285.00	50.00	17.50	15.43		22.00	0.81	88
G.E.,10	03/87	7.20	16.94	33.53	36.00	43.50	26.00	1.56	23.08		10.00	2.78	
G.E.SHIPPING,10	06/87	51 73	29.01	15.61	28.12	33 75	20.50	1.49	18.87	2.26	12.50	4.45	81
G.K.W.LTD,10	12/86	24.06	20.83	18.66	9.00	10.00	5.50		0.00			0.00	83
G.T.C.IND,10	06/87	5.00	9.32	28.64	14.00	16.00	12.50	3.94	3.55	3.79	25.00	17.86	72
GABRIEL,10	11/87	2.64	3.33	22.61	19.00	37.00	17.00	1.72	11.05	1.67	18.00	9.47	78
GAMMON INDIA,10	07/87	2.16	13.44	72.22	82.00	89.00	29.00	1.63	50.31	5.14	15.00	1.83	82
GARDEN SILK,10	03/87	10.54	37.45	45.53	66.25	160.00	66.25	15.23	4.35	15.86	30.00	4.53	
GARWARE NYLON,10	08/87	9.72	13.31	23.69	41.00	44.00	20.00	1.15	35.65	2.65	15.00	3.66	63
GARWARE POLY,10	06/87	5.81	19.53	43.61	78.50	[illegible]	72.00	4.39	17.88	6.26	22.00	2.80	
GARWARE SHIP,10	09/86	3.75	1.37	13.65	13.75	19.00	10.50	5.28	2.60	5.25		0.00	
GENELEC,10	06/87	2.16	4.97	33.01	47.00	88.00	43.75	6.71	7.00	7.96	25.00	5.32	84
GEORGE WILL,10	06/87	6.30	19.69	41.25	100 00	115.00	90.00	7.57	13.21	8.72	35.00	3.50	86
GERMAN REM,10	12/87	3.26	4.93	25.12	64.50	67.00	30.00	2.85	22.63		10.00	1.55	82
GLINDIA,10	06/87	20.00	30.27	25.14	56.50	73.00	56.00	3.70	15.27	4.37	18.00	3.19	80
GODFREY PHILIPS,10	12/86	2.60	3.24	22.46	17.50	20.00	10.00	3.35	5.22		25.00	14.29	75
GOETZE,10	06/87	6.93	10.22	24.75	34.00	34.50	25.00	4.40	7.73		22.00	6.47	76
GOKAK PATEL,10	06/87	3.26	14.12	53.31	66.00	81.00	60.00	13.92	4.74	8.57	20.00	3.03	87
GOOD NEROLAC,10	06/87	3.24	5.08	25.68	48.50	65.00	45.00	4.16	11.66		20.00	4.12	78
GOODYEAR,10	12/87	7.48	24.67	42.98	50.00	74.00	48.00	11.58	4.32		30.00	6.00	77
GRAMOPHONE,10	09/86	1.81	-16.59	-81.66	4.00	5.87	4.00		0.00			0.00	
GRASIM,10	03/87	21.59	101.23	56.89	106.00	109.00	81.50	8.85	11.98	5.49	27.50	2.59	88
GREAVE COTTON,100	06/87	6.57	18.42	380.37	470.00	470.00	295.00	86.60	5.43	80.76	20.00	0.43	84
GUJ ALKALIES,10	03/88	17.49	29.52	26.88	54.50	55.00	29.00	1.46	37 33		26.00	4.77	87
GUJ FERT,10	12/87	26.95	170.03	73.09	136.50	146.00	75.00	10.11	13.50		30.00	2.20	87
GUJ NARMADA,10	06/87	88.97	95.71	20.76	46.00	49.50	27.00	2.95	15.59	2.98	18.00	3.91	
HARRISON,10	03/87	9.10	12.81	24.08	53.00	53.50	36.00	4.36	12.16	3.02	25.00	4.72	87
HERDILLIA CHEM,10	06/87	7.35	35.80	58.71	56.00	63.75	41.00	6.04	9.27	7.35	21.00	3.75	78
HERO HONDA,10	06/87	15.60	0.84	10.54	15.50	23.50	15.00	-0.20	0.00			0.00	
HIND ALLOY,10	12/87	5.89	2.20	13.74	44.00	70.50	28.75	2.41	18.26		20.00	4.55	
HIND ALUM,10	12/87	15 89	166.64	114.87	93.00	93.00	72.50	8.81	10.56		22.50	2.42	88
HIND BROWN,100	04/87	5.47	21.45	492.14	500.00	500.00	265.00	33.27	15.03	58.58	16.00	3.20	78
HIND CIBA,100	12/87	17 71	31.79	279.50	515.00	525.00	332.50	38.11	13.51		20.00	3.90	80
HIND COCOA,10	06/87	8.40	7.47	18.89	86.25	100.00	67.50	5.31	16.24	3.65	30.00	3.48	87
HIND DEVELOP,10	12/87	8.92	82.99	103.04	93.00	107.00	65.00	5.76	16.15	6.45	20.00	2.15	86
HIND DORR-OLIVER,10	11/87	2.38	10.87	55.67	100.00	205.00	100.00	16.43	6.09		37.50	3.75	86
HIND FERODO,10	12/87	5.50	1.19	12.16	19.00	23.00	16.00	1.33	14.29		5.00	2.63	83
HIND LEVER,10	12/87	93.32	90.17	19.66	68.50	81.00	59.50	4.98	13.76		25.00	3.65	87
HIND MOTOR,10	03/87	26.35	57.33	31.76	25.50	29.00	15.50	2.27	11.23		10.00	3.92	86
HMM,10	04/87	14.18	8.12	15.73	123.75	152.00	121.00	7.58	16.33	6.52	55.00	4.44	87
HOECHST,100	12/87	9.58	25.35	364.61	520.00	610.00	437.00	14.30	36.36		10.00	1 90	82
HOGANAS,10	10/87	1.15		10.00	44.50	62.00	34.00		0 00	-1.65		0.00	
HOTEL LEELA,10	06/87	8.97	-1.21	8.65	14.00	16.00	11.50		0.00			0 00	
HOUSING DEV FIN,100	06/87	20.00	23.31	216.55	165.00	168 00	65.00	46.25	3.57	66.10	16 00	0.97	
HYD.ALLWYN,10	07/87	8.10	10.70	23.21	11.25	12.00	7.50	3.68	3.06	4 23	15.00	13.33	
ICIM,10	12/87	4.18	5.86	24 02	31.50	40.50	23 00	2.34	13.46			0.00	
IEL,10	09/87	40.87	72.49	27.74	32.50	44.00	30 00	1.21	26.86	0.94	12.50	3.85	[illegible]
INDIA CEMENT,10	03/87	4 90	19.41	49.61	19.00	22 00	14.50	3.04	5 44	6 64	12 00	6.32	[illegible]
INDIA GYPSUM,10	04/87	4 50		10.00	11 50	16.00	10.50		0.00			0 00	

pany	Year end	Equity	Re-serves	Book value	Market value	Year high	Year low	EPS	PE	Half year EPS	Dividend	Yield	Bonus year	Bonus rate
A POLYFIBERS,10	12/87	29.75	-2.73	9.08	5.00	8.50	4.24		0.00			0.00		
A SEAMLESS 10	12/87	2.21	4.01	28.14	69.00	73.00	47.00	9.50	7.26		18.00	2.61		
A STEAMSHIP 10	03/87	4.95	0.00	10.00	6.50	7.40	4.15	-25.15	0.00			0.00	75	1:1
AN ALUM 10	12/87	41.16	49.09	21.93	29.75	34.00	24.00	0.90	33.06	1.21	14.00	4.71	77	2:5
IAN DYESTUFF 100	03/87	7.50	13.16	275.47	200.00	282.50	190.00	20.00	10.00	10.62	14.00	7.00	80	1:4
IAN HOTEL 10	03/88	9.92	42.12	52.46	105.00	120.00	95.00	6.81	15.42		30.00	2.86	82	2:5
IAN OXYGEN,10	09/87	14.60	29.94	30.51	33.00	33.75	29.00	2.16	15.28		16.00	4.85	85	1:3
IAN RAYON,10	06/87	7.94	61.39	87.32	66.50	73.00	46.00	5.69	11.69	3.58	28.00	4.21	80	1:4
OGULF FERT 10	03/88	165.00		10.00	12.75	15.00	10.50		0.00			0.00		
ROL,10	06/87	5.09	11.53	32.65	147.50	223.75	135.00	5.68	25.97	6.62	20.00	1.36	86	1:1
U NISSAN,10	12/87	6.00	1.21	12.02	18.00	25.00	18.00	5.57	3.23		10.00	5.56		
ERSOL,10	12/87	7.89	21.32	37.02	247.50	332.50	212.50	10.99	22.52		30.00	1.21	86	1:1
.10	03/88	18.40	17.03	19.44	23.00	27.00	15.00	-6.16	0.00		0.00	0.00	85	1:2
I EXCHANGE,10	04/87	1.92	7.53	49.22	47.50	56.25	38.75	5.27	9.01	7.76	20.00	4.21	88	4:5
ATA,10	06/87	12.00	0.83	10.69	10.00	15.00	8.75	2.44	4.10			0.00		
.10	06/87	33.17	133.31	50.19	42.00	45.50	30.00	5.26	7.98	6.19	30.00	7.14	81	1:5
CHEM,10	06/87	3.00	2.08	16.93	23.50	32.00	21.00	3.20	7.34	4.19	18.00	7.66		
IND,10	06/87	13.76	3.09	12.25	26.00	38.00	25.00	2.45	10.61		15.00	5.77	67	1:1
SYNTH,10	03/88	37.88	115.30	40.44	66.00	74.00	45.50	0.95	69.47	3.33	20.00	3.03	83	1:3
ANT VIT,10	06/87	3.87	3.86	19.97	37.00	48.00	24.50	1.94	19.07	1.40	21.00	5.68	87	2:5
Y STEEL,10	08/87	1.13	8.76	87.52	320.00	350.00	250.00	31.24	10.24	34.43	50.00	1.56		
YANI BRAKES,10	06/87	3.90	-5.35	-3.72	20.00	25.50	14.50		0.00	1.02		0.00		
VINATOR,10	06/87	3.55	19.61	65.24	72.00	78.00	36.00	6.87	10.48	10.53	15.00	2.08	84	1:1
SORAM,10	[illegible]	8.85	52.23	69.02	46.00	49.00	32.50	3.41	13.49		23.50	5.11	79	1:2
ODAY DIST,10	06/87	6.00	8.88	24.80	38.00	56.00	33.00	3.08	12.34	2.99	20.00	5.26		
IET ENG,10	06/87	1.20	14.87	133.92	227.50	270.00	161.25	20.08	11.33	22.13	30.00	1.32	83	1:1
IET HONDA,10	01/87	10.00	2.63	12.63	22.00	35.50	16.75	-0.06	0.00			0.00		
IL CUMMINS,10	09/87	27.10	37.16	23.71	56.00	59.00	48.00	3.71	15.09	5.27	20.00	3.57	86	1:1
IL OIL,10	06/87	6.71	11.55	27.21	16.00	20.00	12.00	-2.23	0.00			0.00	76	3:7
IL PNEUMATIC,10	09/87	3.85	3.36	18.73	34.50	36.00	15.00	1.84	18.75	10.13	12.50	3.62		
OCKNER WIN,10	12/87	4.50	3.27	17.27	90.00	120.00	81.25	4.38	20.55	2.93	21.00	2.33	88	1:2
B PUMPS,10	12/87	4.35	11.98	37.54	285.00	398.25	220.00	12.34	23.10		20.00	0.70	86	1:1
KME,10	06/87	1.83	5.81	41.75	77.50	95.00	61.25	5.96	13.00	4.52	25.00	3.23	86	2:5
RSEN TOUBRO,10	09/87	51.99	240.34	56.23	114.50	122.00	75.50	5.31	21.56	5.71	20.00	1.75	86	3:5
TON,10	06/87	15.75	8.19	15.20	62.00	67.00	52.00	3.99	15.54	4.99	20.00	3.23		
OYD STEEL,10	03/87	3.38	4.13	22.22	20.00	25.00	17.00	4.73	4.23	4.48	21.00	10.50		
.,10	10/86	21.05	8.64	14.10	11.75	19.50	9.00		0.00			0.00	80	4:5
CN MAGOR,10	06/86	2.74	41.38	161.02	46.00	47.75	43.75	2.33	19.74		7.00	1.52		
ORAS CEMENT,100	12/87	3.02	18.65	717.55	670.00	730.00	315.00		0.00			0.00		
OURA COATES,10	06/87	21.96	92.32	52.04	70.00	75.00	60.00	4.01	17.46	6.19	25.00	3.57	86	1:2
FAT FINE,100	03/87	14.48	24.38	268.37	147.50	175.00	143.25	17.40	8.48		17.00	11.50	80	1:3
FAT IND,100	03/87	16.20	52.43	423.64	201.25	250.00	200.00	37.04	5.43	12.22	22.00	10.90	78	1:5
HIN UGINE,10	06/87	7.30	17.76	34.33	49.00	62.50	48.00	6.63	7.39		20.00	4.08		
I & MAH,10	10/87	19.26	102.06	62.99	55.50	63.00	48.50	5.48	10.13		22.00	3.96	84	2:3
NG CEMENT,10	12/87	7.11	11.31	25.91	20.50	22.50	13.00	2.81	7.30	1.70	15.00	7.32		
NGALORE CHEM,10	12/86	12.45	13.87	21.14	26.00	34.00	15.25	4.53	5.74		12.00	4.62		
HER PLATT,10	06/87	6.40	8.23	22.86	46.00	108.00	43.75	6.13	7.50	7.26	20.00	4.35	87	3:5
INDIA,10	09/87	2.63	0.94	13.57	32.00	43.00	30.00	3.61	8.88	5.71	18.00	5.62		
&BAKER,10	12/87	4.50	7.18	25.96	49.00	52.00	34.00	3.09	15.86	1.24	10.00	2.04		
DA IND,10	06/87	4.32	2.32	15.37	15.00	18.50	13.50	4.54	3.30		25.00	16.67		
OWELL,10	06/87	7.74	33.05	52.70	83.00	95.00	72.50	9.03	9.19	11.34	15.00	1.81	86	1:1
EOD RUSSEL,10	06/87	6.25	17.13	37.41	91.00	130.00	90.00	8.06	11.29	6.70	45.00	4.95	87	1:1
AL BOX,10	03/87	14.68	-12.54	1.46	4.25	5.50	4.24	-3.96	0.00			0.00	67	1:2
S IND,10	12/87	0.64	0.91	24.22	117.50	137.50	52.00	9.84	11.94		30.00	2.55	87	3:5
FOOD,10	12/87	1.14	4.49	49.39	147.50	152.50	75.00	8.95	16.48		25.00	1.69	87	1:1
I INDUSTRIES,10	09/86	2.17	12.66	68.34	50.00	85.00	37.00		0.00		12.00	2.40	69	1:5
I RUBBER,10	04/87	10.38	29.36	38.29	50.00	60.00	43.00	4.13	12.11	3.96	25.00	5.00	84	2:5
I XEROX,10	04/87	12.46	-4.90	6.07	35.00	36.00	21.50	1.16	30.17	0.07		0.00		
OR IND,100	12/87	38.05	46.32	221.73	[illegible]	630.00	447.50	29.38	19.74		12.00	2.10	86	1:1
LTD,10	09/87	3.86	23.30	70.36	168.00	180.00	127.00	26.14	6.43		40.00	2.38	75	1:2
AND IRON,10	06/87	9.82	63.94	75.11	83.00	97.00	73.50	8.12	10.22	8.54	18.00	2.17	76	1:2
CEMENT,10	06/87	11.48	19.23	26.75	21.00	27.00	18.00	1.12	18.75	0.48	17.50	8.33	85	2:5
R FINANCE,10	09/87	2.44	2.70	21.07	12.00	13.00	10.75	5.49	2.19	0.37	23.00	19.17		
PEROXIDE,100	03/87	2.30	7.97	446.52	[illegible]	1280.00	820.00	110.43	8.38	108.59	30.00	3.20		
RADIO 100	12/87	[illegible]	2.77	141.84	115.00	120.00	97.50	10.57	10.88		[illegible]	0.00		
NAL	12/87	[illegible]	[illegible]	[illegible]	492.50	525.00	390.00	48.22	10.21		20.00	4.10	86	1:2
NIC 100														
N 10	09/87	15.76	-25.34	[illegible]	8.25	14.75	5.00		0.00	-0.12		0.00	82	1:2
A CEMENT 10	12/86	5.40	[illegible]	62.74	33.00	34.00	29.25	15.76	2.09		30.00	9.09	87	1:1
Y 10	03/87	41.29	[illegible]	23.83	[illegible]	51.00	17.00	1.90	13.16	5.31	20.00	[illegible]		
L AGRO 10	08/87	[illegible]	27.54	26.70	77.00	131.00	57.00	4.80	16.04		50.00	6.49	87	3:5
L FURANE 10	03/88	[illegible]		[illegible]	35.25	44.50	22.25		0.00			0.00		
ELEVATORS 10	11/87	5.04	9.62	[illegible]	170.00	215.00	161.25	7.58	22.43	[illegible]	25.00	1.47	85	1:1
E DAVIS 10	11/86	3.36	3.79	27.28	[illegible]	41.00	31.50	1.93	18.13		25.00	7.14	78	3:5
10	12/87	33.32	53.59	[illegible]	[illegible]	36.00	21.50	1.21	23.97		10.00	3.45	82	1:5
P 10	11/87	11.72	[illegible]	[illegible]	[illegible]	79.50	[illegible]	0.27	211.11	0.44	10.00	1.75	77	4:5
HEM 10	03/87	3.60	[illegible]	27.11	[illegible]	73.00	[illegible]	7.83	[illegible]	13.11	25.00	[illegible]	86	1:2

Company	Year end	Equity	Re-serves	Book value	Market value	Year high	Year low	EPS	PE	Half year EPS	Dividend	Yield	Bonus year	Bonus rate
POLYOLEFINS,100	12/87	19.30	24.65	227.72	650.00	743.00	515.00	53.01	12.26		28.00	4.30	88	1:2
PONDS,10	06/87	6.68	11.38	27.04	142.50	176.25	127.50	5.40	26.39	5.79	40.00	2.81	87	1:1
PREMIER AUTO,10	06/87	16.20	99.11	71.18	32.00	39.50	23.00	5.33	6.00	6.50	18.00	5.62	86	1:1
PROCT&GAM,10	06/87	3.71	6.50	27.52	285.00	304.00	257.50	10.21	27.91	12.06	45.00	1.58	85	1:2
PSI DATA,10	09/87	1.38	0.65	14.71	11.75	25.50	10.25	1.80	6.53		17.00	14.47		
RALLIS,10	05/87	9.52	26.54	37.88	77.50	77.50	60.00	6.13	12.64	5.50	30.00	3.87	77	3:1
RANBAXY,10	12/87	5.22	12.72	34.37	75.00	88.00	75.00	5.23	14.34	2.59	20.00	2.67	88	2:5
RAYMONDS,10	03/87	22.48	42.56	28.93	50.00	51.00	41.50	5.06	9.88		25.00	5.00	87	1:1
RECKITT COL,10	12/87	4.20	13.60	42.38	212.50	222.50	177.50	12.74	16.68		30.00	1.41	88	1:1
REGENCY CERAMIC,10	04/87	3.97	-1.29	6.75	14.00	22.50	12.50		0.00			0.00		
RELIANCE,10	12/86	158.26	873.55	65.20	200.00	231.00	69.00	0.90	222.22		25.00	1.25	83	3:5
REMINGTON,10	03/87	2.67	3.78	24.16	28.00	29.50	24.75	4.08	7.87	2.58	18.00	6.43	86	1:2
REVATHI C.P,10	06/87	1.60	1.89	21.81	77.50	92.50	51.50	7.06	10.98	3.65	25.00	3.23	87	1:1
ROCHE PRODUCT,10	12/87	4.81	5.38	21.19	44.00	53.00	34.00	2.33	18.88		14.00	3.18	80	1:3
ROSS MURRARKA,10	06/87	3.74	3.29	18.80	15.00	16.00	10.50	4.65	3.23	7.35	26.00	17.33		
S.I.VISCOSE,100	03/87	11.03	8.64	178.33	360.00	390.00	215.00	53.13	6.78	67.21	20.00	5.60	87	1:2
SAMTEL,10	12/87	2.74	7.92	38.91	33.50	41.25	33.25	6.27	5.34		25.00	7.46	88	1:3
SANDOZ,10	12/87	5.30	19.68	47.13	64.00	80.00	60.00	2.96	21.62		16.00	2.50	84	2:7
SANDVIK ASIA,100	12/87	5.78	7.54	230.45	585.00	740.00	575.00	23.62	24.77	10.73	20.00	3.40	84	1:1
SCINDIA,20	06/87	18.95	-89.23	-74.17	3.50	5.50	1.76		0.00			0.00	77	2:5
SEARLE,10	12/87	3.48	14.57	51.87	153.75	172.50	93.00	8.02	19.17	1.24	20.00	1.30	86	1:1
SESA GOA,10	03/87	5.15	9.42	28.29	23.50	30.00	16.00	7.05	3.33		18.00	7.66	86	2:5
SHAW WALLAC,10	06/87	5.96	47.69	90.02	60.00	60.25	52.00	14.11	4.25		35.00	5.83	87	1:1
SHRI RAM FIBERS,10	09/87	1.88	0.41	12.18	49.00	60.00	34.50	3.24	15.12		20.00	4.08	0	
SIEMENS,10	09/87	20.77	33.08	25.93	69.50	80.00	56.50	3.84	18.10	2.18	16.00	2.30	86	1:4
SILTAP CHEM,10	06/86	1.99		10.00	58.75	80.00	47.50		0.00			0.00		
SIPTA COATED,10	10/87	9.42	1.84	11.95	17.50	23.00	16.00	3.08	5.68	2.65	15.00	8.57		
SKF BEARINGS,100	12/87	12.35	30.44	346.48	1435.00	1541.00	1058.00	87.77	16.35	68.08	22.00	1.50	86	2:5
SOUTHERN PETRO,10	12/87	34.00	267.86	88.78	49.00	60.00	22.75	1.49	32.89		15.00	3.06	86	1:1
SPARTEK,10	06/87	2.65	3.12	20.95	69.00	103.00	58.00	9.51	7.26	9.08	20.00	2.90		
SPEC STEEL,100	12/87	7.59	10.79	242.16	640.00	735.00	575.00	104.74	6.11		15.00	2.30	73	1:1
STANDARD MILLS,100	12/86	11.06	32.77	396.29	247.50	300.00	190.00	43.86	5.64		16.00	6.50	82	2:5
STANDARD MOTOR,10	12/86	2.32	3.98	27.16	7.75	10.00	7.50		0.00			0.00	85	1:1
STRAW PRODUCTS,10	12/87	10.14	73.61	82.59	41.50	45.00	29.50	3.99	10.40		20.00	4.82	72	1:2
SUND CLAYTON,10	05/87	5.69	23.99	52.16	37.25	38.50	29.25	9.94	3.75		40.00	10.74	87	2:3
SUND FASTENERS,10	03/87	3.19	10.13	41.76	67.00	70.00	53.75	7.08	9.46		25.00	3.73	82	2:3
SUND FINANCE,10	03/87	6.00	8.00	23.33	37.50	39.00	25.50	7.67	4.89		4.00	1.07	86	1:1
SUPREME IND,100	06/87	1.80	3.70	305.56	1550.00	2050.00	1525.00	101.11	15.33	99.71	36.00	2.30	87	1:1
SURAJ DIAMOND,10	04/87	4.77	0.75	11.57	25.00	27.00	15.00	2.70	9.26	5.49	10.00	4.00		
SWAD POLYTEX,10	09/86	3.90	36.01	102.33	30.00	42.00	21.50	8.51	3.53	14.41	30.00	10.00		
SYNTH & CHEM,10	03/87	5.81	3.75	16.45	30.00	34.00	28.50	1.41	21.28	6.90	10.00	3.33		
TATA CHEMICALS,10	03/88	37.18	150.35	50.44	75.00	78.00	56.00	7.32	9.97		30.00	4.00	85	2:5
TATA LOCO,100	03/88	90.97	212.99	334.13	682.50	710.00	340.00	45.00	15.17	15.09	23.00	3.40	82	2:5
TATA OIL,25	03/87	6.34	18.21	96.81	64.00	87.00	55.00	4.14	15.46	4.31	15.00	2.34	81	1:5
TATA POWER,100	03/87	20.48	62.79	406.59	247.50	285.00	175.00	144.78	1.71	111.31	16.00	6.50	75	1:5
TATA PRESS,10	03/87	1.57	5.44	44.65	42.00	53.75	33.00	6.43	6.53	2.14	25.00	5.95		
TATA STEEL,100	03/87	136.01	476.33	450.22	807.50	907.50	568.75	67.76	11.92	61.71	25.00	3.10	86	2:5
TATA TEA,10	12/87	12.21	54.82	54.90	120.00	145.00	105.00	8.89	13.50	2.09	45.00	3.75	79	1:3
TATA UNISYS,10	12/87	4.38	3.62	18.26	88.75	115.00	60.00	3.54	25.07	0.00	22.00	2.48	87	2:5
TEXMACO,10	12/86	1.87	11.06	69.14	23.50	23.70	17.00	-208.56	0.00			0.00		
TINPLATE,10	03/88	10.14	8.26	18.15	18.50	22.00	15.50	2.83	6.54		10.00	5.41		
TUBE INVESTMENT,10	12/87	5.73	28.62	59.95	26.25	28.00	22.00	7.05	3.72		20.00	7.62	85	1:3
TUTICO ALKALIES,10	12/87	12.94	-2.63	7.97	13.00	20.00	11.00		0.00	-1.28		0.00		
TVS SUZUKI,10	02/88	23.10	-8.59	6.28	11.50	16.50	8.50		0.00			0.00		
UNION CARBIDE,10	12/86	32.58	37.21	21.42	14.60	15.20	10.00	1.54	9.48		12.00	8.22	80	1:2
UNITED BREW,10	06/86	4.00	7.70	29.25	37.60	40.75	36.50	3.30	11.39		10.00	2.66	86	1:1
UNITED PHOS,10	12/87	2.80	2.66	19.50	42.00	52.00	32.50	0.43	97.67		10.00	2.38		
UPCOM CABLES,10	12/87	5.92	0.04	10.07	36.75	39.50	21.75	0.07	525.00			0.00		
VAM ORGANIC,10	04/87	5.16	11.72	32.71	86.00	103.00	78.00	6.76	12.72	10.88	25.00	2.91		
VARELI,10	03/87	7.29	10.98	25.06	35.00	62.50	29.50	7.74	4.52	6.79	22.00	6.29		
VIDEOCON,10	07/86	2.75	0.29	11.05	20.50	31.00	18.87	0.91	22.53			0.00		
VINDHYA TELE,10	03/88	3.90	3.34	18.56	95.50	104.00	68.00	11.26	8.48	0.00	20.00	2.09		
VOLTAS,100	08/87	12.78	24.40	290.92	325.00	325.00	230.00	53.51	6.07	59.78	16.00	0.49	81	1:4
VST IND,10	09/87	6.03	12.00	29.90	24.00	30.50	19.00	4.64	5.17	4.71	29.00	12.08	77	3:5
WALCHAND,100	09/87	3.00	35.39	127.97	8.50	12.00	7.50	1.13	7.52			0.00	82	1:2
WARREN TEA,10	03/88	3.90	11.49	39.46	58.50	65.00	50.50	8.87	6.60		30.00	5.13	86	1:5
WIMCO,10	12/87	8.45	9.56	21.31	21.00	24.00	11.00	-5.79	0.00			0.00	70	1:5
ZENITH,10	06/87	7.32	14.87	30.31	48.00	52.00	36.00	3.09	15.53	4.43	30.00	6.25	87	1:4
ZF STEERING,10	06/87	2.25	0.06	10.27	53.00	61.00	30.00	1.07	49.53	1.96		0.00		
ZUARI,10	12/87	12.43	49.38	49.73	60.00	67.00	34.00	3.50	17.14		25.00	4.17		

What's the signal?

Our contestants obviously need to be inspired, motivated, or even cajoled to come up with a winner. For the fifth successive issue there are no winners for the investor contest. There was a marginal movement in share prices during the period. Only Bajaj Auto was a major gainer, moving from Rs.238.75 to Rs.261.25. The signals emanating from the market are confusing indeed. Contestants need to gauge the market mood and hit the bull's eye!

How to enter

On the entry form given below are listed six popular scrips. All you have to do is to use your skills to predict the prices of each of these share as on 16 September 1988, and send in your entry by 6 September 1988. The winner in accordance with the rules printed below, will get a prize of Rs.5,000. In the event there is no winner, the prize will not be carried over.

Every issue of **Business India** will contain a new contest. The entry which has all six correct answers will receive a prize of Rs.5,000. If no such entry is received, the entry which has 5 out of 6 correct answers will receive the prize. In the event of there being more than one winner, the prize will be shared equally. We repeat, if there are no winners, the prize money will not be carried forward.

Rules:

1 There is no entry fee.

2 The list has been selected on the basis of what we consider are actively traded and interesting scrips on Indian stockmarkets.

3 The price mentioned last in the official quotation list of the stock exchange (if there is a series of such prices against the name of the share) will be taken as the correct answer. The official list of the particular stock exchange, which will be referred to, is given against the name of each scrip. If for some reason the stockmarket is either closed on 16 September 1988, or there are no transactions for the six scrips chosen below, then the quotations for the nearest working day prior to 16 September 1988, will be used.

4 Variation from the correct answers are permitted within a range that is specified against the scrip.

5 Entries must be on the printed form given below. Any other entries will be disqualified.

6 Only one entry will be permitted per form.

7 Envelopes sent in should be marked Investor Contest. All entries must be received at **Business India,** Wadia Building, 17/19 Dalal Street, Bombay 400 001, by 5 pm, Tuesday, 6 September 1988.

8 **Business India** is not responsible for non-receipt of entries.

9 **Business India's** decision on the winning entries will be final and binding, and no correspondence in this regard will be entertained.

10 The contest is open to residents of India only. No employee (or any direct relation of any employee) of the Business India group of publications is entitled to enter the contest.

Name of scrip	Stockmarket official list to be used for comparing results	Prices as on Friday, 12 August 1988 (Rs)	Variations permitted from correct prices upto (Rs)	Prices as on Friday, 16 September 1988 (Please fill) (Rs)
Ceat	Bombay	60.00	1.00	________
GSFC	Bombay	136.50	2.00	________
L&T	Bombay	114.50	2.00	________
Reliance	Bombay	200.00	3.00	________
Tata Tea	Bombay	120.00	2.00	________
Telco	Bombay	682.50	3.50	________

Name: ________

Address: ________

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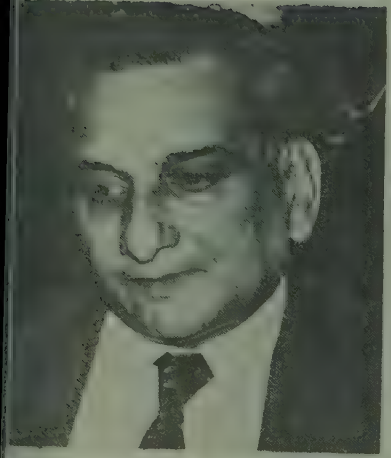
Age: ________

Profession: ________

Date: ________



ew professional managers will njoy as bountiful a retirement s Larsen & Toubro's 65-year-ld chairman **N.M. Desai** will hen he leaves the company in larch next year. Last fortnight s the Ambanis and the hhabrias went on a spree buy-ng L&T's shares it was revealed hat Desai's own equity stake in he company was around 1.5 per ent — an inheritance from his ather, a high court judge who ought into L&T in its early ears. Small change at first ight, but when multiplied by he share's current market price f around Rs.115, Desai's worth vorks out to a cool Rs.12 crores. Iot bad for someone who stared out to be a lawyer, but stuck n with L&T for more than 42 ears.

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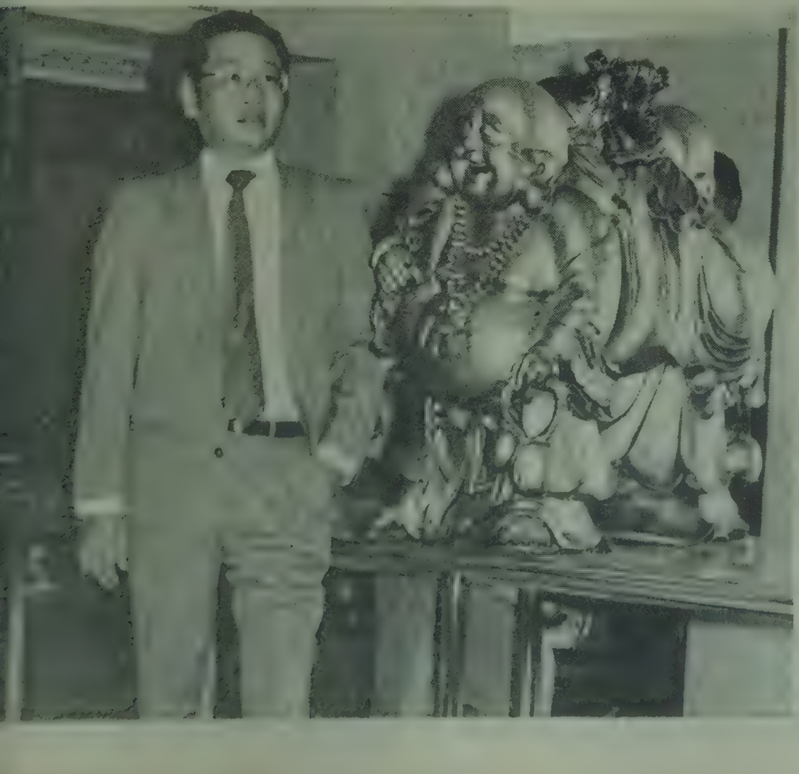
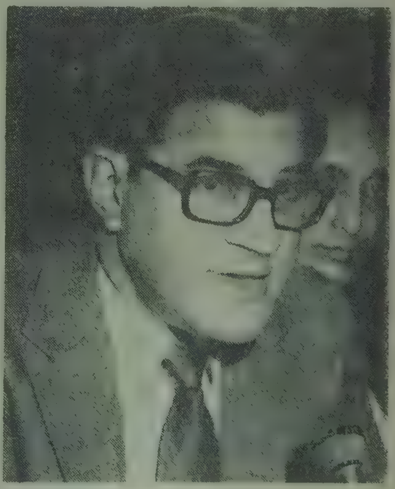
espite an average dinner rice tag of Rs.400 for two, it is irtually impossible to get a able without reservation at China Garden, the Chinese restaurant in Bombay which is a favourite of the rich and mighty. So not surprisingly, when owner **Nelson Wang** put an ad in the papers last fortnight saying a special surprise awaited everyone gracing the eatery on 8/8/88, an auspicious day by the Chinese calendar, all 640 seats were booked within a few hours of the newspaper hitting the stands. And what was Wang's surprise for those who turned up — instead of the bill, a small note saying that the dinner was on the house. "I always like to be different," says Wang. "While everyone else organised parties and gave discounts to their favourite clients on that day, I knew this was something no one would have thought of." The cost of the effort according to our estimates — Rs.1.5 lakhs. Wonder what Wang has in store for 9/9/99.



Speculation has been rife about **B. Ratnakar**'s next move ever since he quit as chairman of Canara Bank two months ago at the relatively young age of 52. Well, for the moment the dynamic and ambitious banker is packing bags in his Bangalore house to move to Delhi for good early next month. As for his career plans: "Having attained the kind of stature that I have, I would not like to work in the private sector," he says. "I am hoping for some government assignment." The talk is about him being appointed as a special aide to the prime minister. A senior government posting is also not ruled out. By a major coincidence, two of the seniormost policy makers are moving on — Bimal Jalan, economic adviser and secretary in the economic affairs department, is joining the IMF, and revenue secretary S. Bandopadhyay is to take up a post at the Asian Development Bank. Will Ratnakar have to wait long for his government assignment?

Though he is one of few Indians at the helm of international finance and banking companies, **Anil Thadani** was little known. But not anymore. The 40-year old managing director of the Hong Kong-based venture capital firm, Arral & Partners has just struck a $436 million deal that will make his company a major force in hoteliering in Asia. Jointly with the Pritzker family of the US, which owns the Hyatt hotel chain, Arral has bought over Australia's Southern Pacific Hotel Corporation, a 36-hotel chain based mainly in Australia and New Zealand. Thadani moves on to the board of William Hunt Holdings, an Arral-controlled company that will now manage the hotel chain. A chemical engineer with a management degree from Berkeley, the Delhi-born Thadani worked with Standard Oil of California and Bank of America in the US and Japan before starting Arral with some friends. Much will be heard of him in the future with Arral having decided to go in for major investments in real estate, trading, food services and manufacturing in Asia and Australia.

During 1987-88, when **Suresh Krishna,** chairman of Sundram Fasteners Ltd (TVS group), was the president of the Confederation of Engineering Industries (CEI), he covered more than 40 cities for CEI, most of them by air. It might be a case of emotion recollected in tranquillity, but Krishna's impression is that during the entire period every one of his Indian Airlines flights departed on time.



So when somewhat to his pleasant surprise, he saw his name on the list of newly nominated directors of Indian Airlines Krishna accepted the honour cheerfully, knowing from personal experience what a splendid job it did during his peripatetic year.

No doubt his coming should gladden the heart of IA officials. At least one of their new directors, they can say honestly, fully believes their claims about punctuality.

JINDAL ORGANISATION OPENS A NEW PLANT IN BOMBAY

Manufacturing the widest range of MS and SS Plates

PROVEN EXPERTISE

Backing this latest venture with its technical expertise in steel production is Jindal Strips Ltd.–a member of the Jindal organisation. The organisation's extensive resources and relentless pursuit of excellence has been the catalyst for its expansion into a multi-million rupee conglomeration with 14 companies nationwide. And has made our name synonomous with steel, in India.

WIDEST RANGE

Manufactured in one of the widest ranges in the country, comparable with that of SAIL and TISCO, our steel plates are available in sizes of varying thickness, from 12mm to 110mm. And find numerous applications in large-scale fabrication jobs. In the chemical, petroleum, ship-building, textile and other heavy industries.

QUALITY ASSURANCE

With us, quality control is a full-time business. Stringent controls and careful monitoring at every stage of production ensure that the final products measure up to the most exacting quality standards.

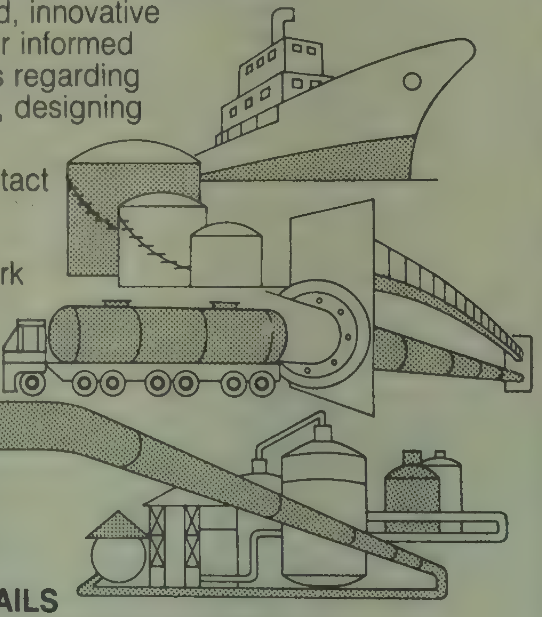
RELIABLE SUPPLY

Our far-reaching network, large production capacity and dedication, enable us to meet the tight delivery schedules demanded by our industrial buyers.

TECHNICAL SUPPORT SERVICE

Our Technical Support Service Department is there to assist end-users in finding solutions to their problems. Sensitive to need-specific requirements, our team of skilled, innovative professionals offer informed recommendations regarding material selection, designing and costing.

Why not contact us with your requirements? Together we'll work out the details of the package suitable for you.



MATERIAL DETAILS

Product	Mild Steel Plate	Stainless Steel Plate
Standard	As per IS 226	AISI-304, AISI-316
Thickness	12mm to 110mm	12 mm to 110mm
Width	1250mm (Maximum)	1250 mm (Maximum)
Length	As per customer requirements	

NAVIN ALLOYS LTD. Jindal Mansion, 5-A, G. Deshmukh Marg, Bombay 400 026
Tel: 4924470/79. Telex: 11-76296 JSLB-IN. Gram: JINDRIPS.

he recruitment campaign

here are hundreds of thousands of gineers in India. Soon there'll be a ndful of super engineers." "As a sales marketing professional are you giving ur career the chance it deserves?" ese bold headlines are from recent ruitment advertisements of TVS Whirl-ol and the Taj group of hotels respec-ely, both premier organisations. These adlines indicate both a change in style d content of recruitment ads.

As competition hots up, advertising nds to become more aggressive. And e recruitment field is no exception. ith a shortage of trained manpower, nd more so of managers who can "de-ver", recruiters are aggressively seeking attract potential employees and in me cases entice them with promises of beral remuneration and rapid growth. he ground rules in the recruitment busi-ess as a whole seem to be changing. And e new style of recruitment ads appear be the first visible indicator.

With recruitment ads crowding the ages of prime newspapers, the need to raw attention to one's own ad is becom-g a major concern with recruiters. Gim-icky ads and ads with visuals in ddition to 'copy' are becoming common echniques to ensure visibility. Sizes of dvertisements also are increasing.

Recruitment ads today "hard sell" a mpany indicating a complete switch om the days of staid ads, when candi-ates eagerly awaited opportunities with stablished companies. Companies to-ay, even the well-known ones, feel the eed to sell themselves. "Selling" is in erms of the company's achievement re-ord, growth plans and the working envi-onment.

The crux however appears to be a need communicate a corporate image of eing aggressive, providing "challenges" at would make work exciting and pro-ding commensurate rewards that "are ot a constraint". Of course this kind of nage is felt to be of particular impor-ance in the growth industries such as mputers, electronics and consumer arketing.

An increasing number of companies ek to project the image of being "pro-ssional", especially while recruiting se-ior managers. Claims of being a progressive, professionally managed mpany" and in a more recent ad of eing "professionally oriented" (what-ver that means!) seem to be standard hraseology in most ads, though the meaning is suspect.

Another interesting trend is the practice of naming the person in the recruiting organisation to whom responses are to be addressed. It is felt that the responses for senior positions are especially better in such cases. At such levels potential candidates often do not like to write in in the first instance. The poor response to "box" ads put in by companies is another pointer to the fact that candidates like to know whom they are dealing with.

The two major recruitment consultants, A F Ferguson & Co and ABC Consultants, however, felt that the style of recruitment ads were unimportant in attracting applications and the consultant or company's reputation was important in attracting candidates. It was felt that at middle and senior levels especially, candidates tend to do a lot of homework on a company and hence are less carried away by promises. Both these consultants have maintained the same style and layout of their ads over the years and feel no need to change despite the changing trends. In general most of the major consultants ensure visibility for their ads by maintaining the same layout.

A F Ferguson has maintained its rather prosaic style of ads while ABC has always had a more aggressive and verbose style. Mr E.A. Kshirsagar, director of A F Ferguson & Co, stated that the firm had consciously and consistently maintained a sedate and factual style in its recruitment ads and was very conscious of its responsibility to present facts rather than oversell.

This aspect is considered to be of great importance today in an environment where virtually every company describes itself as "progressive and professionally managed". In fact the traditional meaning of words like multinational, professionally managed, etc do not seem to apply to several companies which advertise.

Recruitment ads today tend to provide more details of the job specifications in addition to the man specifications. This is perhaps partly due to the fact that job designations do not often convey the job responsibilities. A. Srinivasan, senior manager, ABC Consultants emphasised that an elaborate specification of job and personality traits was important in attracting relevant applications.

It is interesting that even ten years ago ads often detailed the man specifications but did not always elaborate job details. It was felt that the name of the recruiting organisation and the career opportunity provided were more important. With the increasing mobility of employees, the importance of job content in attracting employees has now been recognised. However, ads even today often emphasise personal traits that are considered important. In fact several recruiters believe that these personal qualities of an individual are more important than relevant industry experience.

Recruiters rate compensation and growth opportunities in the company as the most important factors in attracting candidates. Consequently most companies tend to indicate that remuneration is negotiable and often promise excellent growth opportunities. But how often companies are able to provide such opportunities or for that matter how often salaries are no constraint is a moot point.

Several recruiters from industry feel that recruitment consultants, barring a few, often promise high salaries and growth in their ads since they have to attract candidates to unknown companies. However, Srinivasan felt that remuneration is not really a constraint in most companies. In fact, ABC had, according to him, recently advertised for a client who was offering a remuneration of Rs 1 lakh a month for a chief executive position. However, the question of growth prospects was more difficult since it often depended on several factors that could not always be assessed.

From the candidates' point of view, therefore, it is important to ascertain the validity of the claims made by companies on the operating style and philosophy, their growth plans and employee related policies. In the absence of an advertising code for recruitment ads, candidates are left with no option but to attempt to verify the statements through their own contacts.

The need for a code of ethics in recruitment advertising is beginning to be felt. While the MCAI does have a code of conduct for Executive Selection assignments handled by consultants, it is silent on advertisements. As long as ads only seek to grab attention by being different and do not misrepresent a job or mislead candidates, they are welcome reading on an otherwise dull page. But for the innocent candidate it is still the age of "Buyer beware"!

■ ANITA RAMACHANDRAN

TECHNOLOGY TRANSFER, EUROPE – INDIA

Indian chemical engineer, Dr. Ing. (ETH) Zürich, working in Switzerland for more than 30 years, currently Vice-President of a well-known multi-national concern and with extensive experience in all phases of chemical process development, project evaluation, plant construction, etc. will soon start his own professional consultancy services in Zürich, Switzerland, in the following fields:

TECHNOLOGY TRANSFER TO INDIA (TECHNOLOGY RESEARCH, EVALUATION AND LICENSING)
LIAISON SERVICES
REPRESENTATION OF INDIAN FIRMS IN EUROPE AND NORTH-AMERICA.

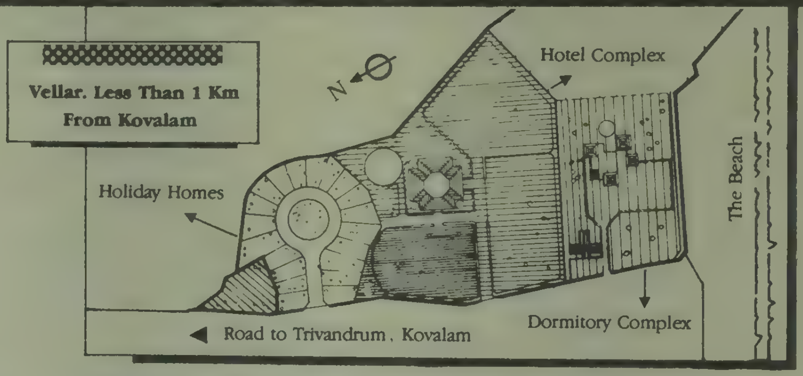
Proposes to visit India shortly, and would be available for personal meetings with potential business partners.

Interested parties please contact:
The Advertiser, Box No. DA/273/GD/1,
Business India, Wadia Building,
17/19 Dalal Street, Fort, Bombay 400 001.

You are looking at a map of beautiful sea-side plots.

FOR SALE

Now own your own Sea-Side Holiday Home, at Vellar, less than 1 km from Kovalam, and 13 kms from Trivandrum city.


Vellar. Less Than 1 Km From Kovalam
N
Hotel Complex
Holiday Homes
The Beach
Dormitory Complex
Road to Trivandrum, Kovalam

Trivandrum Development Authority offers developed land for purchase on a 99 year lease for

- **Holiday Homes**

25 developed plots for long term lease, each 5 to 10 cents. Ideal for company guest house, holiday homes, or your very own health resort!

- **Star Hotel**

Well developed five acre land by the sea, on long term lease for Three Star hotel.

- **Dormitory Complex** (Building completed)

Modern design. Accommodates 48 beds, with restaurant, parking and play area, open-air dining facilities, plus, there's the Sea. This is to be managed on short term lease for 3 to 5 years.

If you are interested in any of the above, (We bet you are!), don't miss this excellent investment opportunity.

For more details write to
The Secretary
TRIDA Jaya Mansion Compound
Vellayambalam Trivandrum 695 010

.K. CHANDHOK has een appointed hairman and managing irector of Engineers ndia Limited.

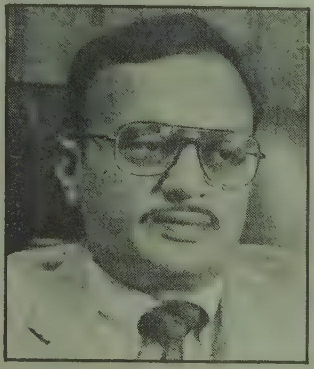
M.P.K. NAIR has been appointed chairman and chief executive officer of the Federal Bank Ltd.

ANIL REGE has been promoted to executive director of Bank of India.

V.C. NANAVATI has been appointed managing director of Borosil Glass Works Ltd.

.L. PASRICHA is the ew commercial director f Mico Ltd.

AMAR KUMAR has recently taken over as vice-president, operations, of Mangalam Timber Products Ltd.



DEVAVRAT MEHTA has been appointed managing director of the Maharashtra Tourism Development Corporation.

V. NARASIMHAN has joined as senior vice-president of Vam Organic Chemicals Ltd.

K. RAJENDRA has been promoted and posted as general manager, supplies, at Indian Oil Corporation, while M.P. GULATI has taken over as general manager, LPG. Simultaneously, B.V.V. RAO has taken over as general manager, finance; G.G. PADALKAR as general manager, personnel; and S. VENKOBA RAO as general manager, systems.

ARUN KUMAR RAY has been appointed general manager, industrial relations & administration, of Hindustan Petroleum Corporation Ltd, while H.L. ZUTSHI has been appointed general manager, human resources development.

A. DINESH NAYAK has been promoted to general manager, planning and development wing, at Canara Bank, while C.R. VAITHEESWARAN has taken over as general manager, general administration wing.

A. TANKHA has taken over as manager, merchant banking division, India, of The Hongkong and Shanghai Banking Corporation.

SATISH KALRA has been transferred to Ciba-Geigy Ltd, Basle, Switzerland, on a senior marketing assignment in the pigments division.

ASSOCIATIONS

.K. PADMANABHAN as been elected resident of the Madras tock Exchange Ltd.

.P. GUNAJI has been ppointed secretary eneral of ASSOCHAM Associated Chambers of ommerce and Industry f India).

IVEK S. DATE has been ppointed secretary of he Bombay Chamber of ommerce and Industry.

PRAMOD D. PARKHI and J.K. PURI have been elected president and vice president, respectively, of The Institute of Cost and Works Accountants of India.

S.D. GOROWARA has been re-elected president of the Bombay Chamber of Indo-Polish Trade & Industry.

BIPIN V. MEHTA has been elected chairman of the Ahmedabad chapter of the Computer Society of India while N.C. MEHTA has been elected vice-chairman.

PANNALALL MUNDHRA has been elected president of the Dyes and Chemical Merchants Association.

M.M. MITTAL has been elected vice-president of the northern zone of the Chamber of Indian Trade and Industry while O.P. AGARWAL has been elected vice-president of the eastern zone.

RAMESWAR DAS has been elected chairman of the West Bengal state board of the All India Manufacturers' Organisation.

P.K. PODDAR has been elected president of the Chotanagpur Chamber of Commerce & Industries.

Senior executive positions

A compilation of executive positions advertised in **Busine India** and other major publications between 1 and 14 Augu 1988

WEST

VICE-PRESIDENT (Technical) * Bombay * *Sal* Senior level remuneration * *Age/Qlfn* 35-40 years * Not stated * *Reqd* Prior experience at a similar function in the engineering industry, exposure to the development of plastics beneficial, abilty to innovate, transform ideas into manufacturing potential, develop tooling and final output etc. * *Resp* Will head the technical development funciton. * *Cont* Ref:MS/4917, A.F.Ferguson Associates, Post Box 1786, Bombay 400 001 (ToI — 1.8)

FINANCE DIRECTOR * Bombay * *Sal* Negotiable * *Age/Qlfn* 40-45 years * Chartered Accountants/MBA * *Reqd* Experience in export financing * *Resp* Finance, including short term and long term funds management, will also oversee accounting, costing, budgetary control and information systems * *Cont* Code MS/4797, A.F.Ferguson Associates, P.O.Box 1786, Bombay 400 001 (ToI — 1.8)

BUSINESS MANAGER * *Sal* Rs.300,000 + housing * *Age/Qlfn* NS *NS * *Reqd* Outstanding record of success in marketing, prefrably in the pharmaceutical, diagnostic or medical equipment industry; familiarity with imports, sales and distribtn and dealng wth policy making bodies * *Resp* Identify business oportunites, strategic and business planning and meeting sales and profit targets, travel regularly to keep in touch with distributors and buyers * *Cont* Tarun Sheth, Shilputsi Consultants, PB No:9386, Bombay 400026 (BI — 8.8)

GENERAL MANAGER (Marketing) * Western India * *Sal* Over Rs.100,000 p.a. + house + car * *Age/Qlfn* 40 years * Not stated * *Reqd* Dynamic marketing professionals with a proven track record in marketing consumer/consumer durable products for minimum 15 years, of which 5 should be at a senior level * *Resp* All-India sales, marketing and servicing of the company's products developing a highly motivated and result-oriented marketing team and dealer network * *Cont* REF:MS/4920, A.F.Ferguson Associates, Post Box 1786, Bombay 400001 (ToI — 8.8)

MANAGING DIRECTOR (Five Star Deluxe Resort) * *Sal* Attractive + perks * *Age/Qlfn* NS * Any discipline — senior level general management experience * *Reqd* * *Resp* Report to Board of Directors and responsible for the management of the company's operations. * *Cont* MS/4911, A.F.Ferguson Associates, P.O.Box 1786, Bombay 400 001 (BI — 8.8)

NORTH

MANAGING DIRECTOR * Delhi/Bombay * *Sal* Rs.150,000 * *Age/Qlfn* Maximum 45 years * MBA with BE (Mechanical/Electrical) * *Reqd* Proven track record in managing marketing of consumer durables and engineering products on a national level; familarity with use of computers in manufacturing and marketing environments * *Resp* Motivate and facilitate team work * *Cont* Box: AA/272/CF/1, Business India, 59 Regal Building, Connaught Circus, New Delhi 110001 (BI — 8.8)

EXECUTIVE DIRECTOR * New Delhi * *Sal* Attractive * *Age/Qlfn* 45 years plus * First class degree in chemical engineering with overseas higher education/MBA * *Reqd* 20 years experience, at least 10 years in senior management in large chemical/petrochemcial companies, high degree of technical expertise, commercial acumen, and man-management capabilities * *Resp* Complete charge of the operation of existing two large chemi works, including production, marketing, finance and pr itability * *Cont* Box No.8988, Times of India, New Delhi 1100 (ToI — 8.8)

VICE-PRESIDENT (Technical) * North/South India * *Sal* tractive * *Age/Qlfn* 38-45 years * Engineering graduates, prefe bly chemical or mechanical engineer * *Reqd* 15 years producti management experience in the cement industry, including least 7 years senior level experience * *Resp* All the techni functions of a highly automated cement plant using the lat technology * *Cont* Ref: MS/4926, A.F.Ferguson Associates, P Box 1786, Bombay 400001 (ToI — 8.8)

GENERAL MANAGER (Marketing) * New Delhi * *Sal* Attract + house + car + perks * *Age/Qlfn* 35-40 years * Professio qualification in marketing management from a premier ma agement institute * *Reqd* 10-12 years funcitonaly diversifi consumer products marketing experience * *Resp* Will le senior excutives in charge of sales, advertising and alli function * *Cont* The General Manager, The Times of India Gro Bahadur Shah Zafar Marg, New Delhi 110 002 (ToI — 8.8)

SOUTH

TECHNICAL DIRECTOR * *Sal* Approx Rs.150,000 (neg) housing + perks * *Age/Qlfn* Over 50 years * Mechani Engineers * *Reqd* Mechanical engineers involved in he engineering industry * *Resp* Production, quality, control, wo personnel and R&D * *Cont* MS/4913, A.F.Ferguson Associat P.O.Box 1786, Bombay 400 001 (BI — 8.8)

OVERSEAS

GENERAL MANAGER * Dubai * *Sal* Above Dh. 10,000 p.m. perks * *Age/Qlfn* 35-40 years * *Reqd* Seasoned compu professionals and strong marketing background * *Resp* evolving and implementing marketing and sales strategies successfully launching the company's products — expected develop organisation and human resources * *Cont* MS/49 A.F.Ferguson & Co, P.O.Box 1786, Bombay 400001 (BI 8.8)

CHIEF EXECUTIVE * Thailand * *Sal* Excellent * *Age/Q* Maximum 50 years * BE with post graduate manageme qualification * *Reqd* 20 yrs experience in chemical proc industries of which last 5 years should be in a senior position companies with turnover of over Rs.10 crores of chemi consultant companies; preferably with prior experience Thailand * *Resp* Independent charge of day to day affairs of n $ 22 million venture for speciality chemicals; implement a guide 200 persons during pre/post commissioning * *Cont* Inc Rama Synthetics (I) Ltd, 3711/14 Netaji Subhash Marg, N Delhi 110002 (BI — 8.8)

GENERAL MANAGER (Plant) * Thailand * *Sal* Excellent * *Ag Qlfn* Maximum 45 years * BE (Process/Mechanical) * *Reqd* years working experience in modern chemical process pla with atleast 3 years at similar position; preferably with expe ence of processing agricultural residue, in-house turbines a hydrogenation process * *Resp* Provide technical support to $ million speciaility chemicals project during engineering/er tion/commissioning phases and operations thereafter * *Co* Indo-Rama Synthetics (I) Ltd, 3711/14 Netaji Subhash Ma New Delhi 110002 (BI — 8.8)

xecutive positions

ToI — Times of India; *H* — Hindu; *S* — Statesman; *HT* — Hindustan Times; *ET* — Economic Times; *Econ* — Economist; *BI* — Business India

EST

ES ENGINEER * Bombay * *Sal* Commensurate with quali-
tion, experience * *Age/Qlfn* 32 years * Postgraduates or
duates in chemical or mechanical engineering * *Reqd* 7-10 yrs
erience in a reputed engineering companies dealing with
mical, fertiliser and petrochemical industries in the follow-
areas: process engineering, designing and execution or
ing of pressure vessels, reactors etc * *Resp* Selling plant and
chinery and systems to chemical, petrochemical, fertiliser
l other industries * *Cont* Ref Gr II/CHEM/4, Manager —
sonnel, Group II, Larsen & Toubro Ltd, Powai Works, Post
x 8901, Bombay 400 072 (ToI — 5.8)

LECOMMUNICATIONS OFFICER (Citibank) * Bombay * *Sal*
mmensurate with qualifications and experience * *Age/Qlfn*
ow 30 years * Postgraduate qualifications in communication/
ctronics engineering or computer science * *Reqd* 2-5 years
perience in handling Data communications, networks and
ociated equipment, experience in managing developing com-
nications software an advantage * *Resp* Planning installing
d providing ongoing communications services including the
ovision of remedy run data processing services * *Cont* Box K
0 — K, Times of India, Bombay 400001 (ToI — 8.8)

L INDIA SALES MANAGER * Bombay * *Sal* Rs.100,000 +
nefits * *Age/Qlfn* 30-40 years * Postgraduate management
alification from a reputed institute * *Reqd* 7 years experience
marketing consumer products * *Resp* Providing leadership to
tributors, service centres, sales manager, sales officers; secur-
business from and maintaining relations with dealers,
pervising sales promotion * *Cont* Chief Executive (Person-
), Hawkins Cookers Ltd, P.O.Box No.16083, Bombay 400005
oI — 8.8)

PUTY COMPANY SECRETARY (Legal) * Bombay * *Age/Qlfn*
years * Company secretaries with law degree * *Reqd* Ten years
senior level exp in a professionally mnaged company * *Resp*
ministrative matters in the head office (of Tisco) by dealing
h corporate legal matters and preparing briefs for solicitors *
nt MS/4928, A.F.Ferguson Associates, Post Box 1786, Bombay
0001 (H — 13.08)

ORTH

ORKS MANAGER * UP * *Sal* Rs.100,000 (neg) * *Age/Qlfn* 40-45
ars * Grad in mechanical engineering * *Reqd* Several years of
levant exp in light engineering industry * *Resp* Reporting to
neral manager and works management function * *Cont*
Z.Ahmed, Director, Price Waterhouse, B-3/1 Gillander House,
taji Subhas Road, Calcutta 700 001 (H — 02.8)

OUTH

EMICAL ENGINEERS (Technical, Sales and Service) * *Sal*
cellent * *Age/Qlfn* 27-32 years *Engineering/Post graduate in
emicals * *Reqd* Five to seven years of experience in operation
utilities/water systems and chemcial analysis * *Resp* Respons-
e for sales, and customer service * *Cont* The Personnel
nager, Chemicals and Plastics India Ltd, 8 Cathedral Road,
dras 600 086 (H — 03.08)

OVERSEAS

PRODUCTION MANAGER * Thailand * *Sal* Attractive remuneration +housing+perks * *Age/Qlfn* NS *1st class graduate in Chemical Engineering/Textile Engineering * *Reqd* 15-18 years experience in synthetic fibre industry of which at least 5 years should be with total responsibility of production and process control * *Resp* NS * *Cont* Aims Management Consultants, 42 Veer Nariman Road, Bombay 400 023 (ToI — 14.08)

PROJECT/DEVELOPMENT ENGINEER * Malaysia * *Sal* Attractive terms + housing + perks * *Age/Qlfn* NS * Mechanical Engineer * *Reqd* 8-10 years project related or maintenance experience in chemical, petrochemical or mineral processing industry. Ideally 3-5 years experience as plant engineer * *Resp* Plant and equipment design, fabrication and materials testing etc * *Cont* Datamatics Staffing Service, P.O.Box 106, G.P.O., Bombay 400 001 (Quote Ref no CMP/F — 3091) (ToI — 14.08)

MANAGER (Automobiles) * Dubai * *Sal* Dhs 6000 pm + perks * *Age/Qlfn* 40 years * Ns * *Reqd* 15 years experience in sales and marketing of automobiles * *Resp* Overall performance of the company. He will be expected to formulated and implement strategies for increasing the company's market share * *Cont* A.F.Ferguson & Co., P.O. Box 1786, Bombay — 400001 (ToI — 07.08)

ACCOUNT MANAGER * Muscat * *Sal* NS * *Age/Qlfn* mid-30s * Chartered Accountants * *Reqd* Exp of 5-7 years in a manufacturing or trading organisation. Exposure to MIS desirable * *Resp* NS * *Cont* Administration Manager, Suhail and Saud Bahwan, Post Box No.169, Muscat, Sultanate of Oman (ToI — 07.08)

ELECTRONIC ENGINEER * Kuwait * *Sal* Neg * *Age/Qlfn* NS * Electronic engineer * *Reqd* Knowledge of analog digital and computer techniques * *Resp* For maintenance/repairs of computer controlled photogrammetric systems * *Cont* Vice President, P.O.Box No 4009, Safat, 13041, Safat, Kuwait (ToI — 07.08)

VICE PRESIDENT
(CIVIL CONSTRUCTION-OVERSEAS)

We are bidding for a 40-crores overseas civil construction project in Europe, and are on the look out for an outstanding Chief Executive to head this division.

The responsibilities include :

- **establishment of a civil construction wing**
- **recruitment of key personnel**
- **organization of the complete team in India and abroad**
- **organization of supplies at the site**
- **supervision of the tender in all commercial and technical details**
- **lead the division as an independent profit centre**

We expect the candidate to be in his late forties, with a wealth of experience in civil construction in India and most definitely abroad, at the senior most level. Organizational talent with an eye to keep expenditure within budget is essential.

We expect exceptional results, therefore, we invite incumbents to apply in confidence within 10 days, mentioning the salary drawn and expected to :

Box No. AA/244/BT/4, **Business India,** 59, Regal Building, Connaught Circus,
New Delhi-110 001.

ABC's major specialisations include Corporate Consultancy • Computer Feasibility • Socio-Economic Studies • Materials Management • Project Reports • Organised Cost Reduction • SWOT Analysis • Data Processing • Project Reports • Operations Research • Industrial Engineering • Systems & Procedures

VICE PRESIDENT
DIVERSIFICATION

Delhi

Excellent Terms

A leading Export House is planning expansion by way of **diversification** and achieving it through identification, appraisal and implementation of project(s) **for the manufacture of consumer goods with state-of-the-art technology or by acquisition of existing companies.** In order to handle this enhanced activity the house is looking for a VP—Diversification.

Reporting to the Chairman, the incumbent would identify potential areas, prepare proposals based on, extensive market research, technical evaluation, financial viability and also implement the selected project(s).

The candidates must have an engineering degree and proven track record in diversification projects and corporate planning. This is a key position in the organisation and calls **for high level of techno-commercial expertise, innovative thinking and complete involvement.** Should be around 45 years with atleast **10 years of hands-on experience in projects formulation and their implementation.**

Our clients are looking for a high flier and remuneration package will not be a constraint for the right candidate.

Please apply in strict confidence within 10 days with detailed biodata, giving full details of age, qualifications, feasibility/project reports formulated and projects implemented, quoting job title and code: VPD/DEL/705.

(Personnel Selection Division)

ABC CONSULTANTS PRIVATE LIMITED

209, Meghdoot, 94 Nehru Place, New Delhi-110 019 Phone: 6433383

CEMENT INDUSTRY

NORTH/SOUTH INDIA

A well known diversified company, part of a large business house, wishes to recruit the following senior positions for its fast expanding Cement Division. The division, which has multi-plant operations, is expected to reach a turnover of around Rs.200 crores in 1989-90. The positions are located at the Works.

VICE PRESIDENT — TECHNICAL

(MS/4926)

This is a senior management position responsible for all the technical functions of a highly automated cement plant, using the latest technology.

Candidates must be engineering graduates, preferably chemical or mechanical engineers, with at least 15 years production management experience in the cement industry including at least 7 years senior level experience. Preferred age: 38-45 years.

PRODUCTION MANAGER

(MS/4927)

The incumbent, who would report to the Vice President (Technical), would be responsible for the production and process control functions. Candidates must be chemical engineers with at least 10 years production management experience in the cement industry. Preferred age: around 35 years.

An attractive salary and perquisite package including housing would be provided for both positions.

Please apply in strict confidence, within 10 days to:

A. F. Ferguson Associates
Post Box 1786
Bombay 400 001

giving full details of age, qualifications, experience and salaries drawn. All applications and envelopes should be marked with the relevant MS reference number. Candidates not contacted within three months of application, may assume that they are not being considered.

HEAD OF R & D

POWER ELECTRONICS

BOMBAY

ATTRACTIVE SALARY
+ HOUSE + CAR

A leading company in the power electronics sector, with turnover in excess of Rs. 40 crores wish to recruit an outstanding Design Engineer to head the R&D department. The company has a large R&D department that has an excellent record of development of products that have been successfully commercialised.

Candidate should be B Tech/M Tech in Electronics possibly with a Phd and have a proven track record of development in the Power Electronics Industry and should have experience of providing leadership to a large R&D establishment.

Preferred Age: Around 40 years.

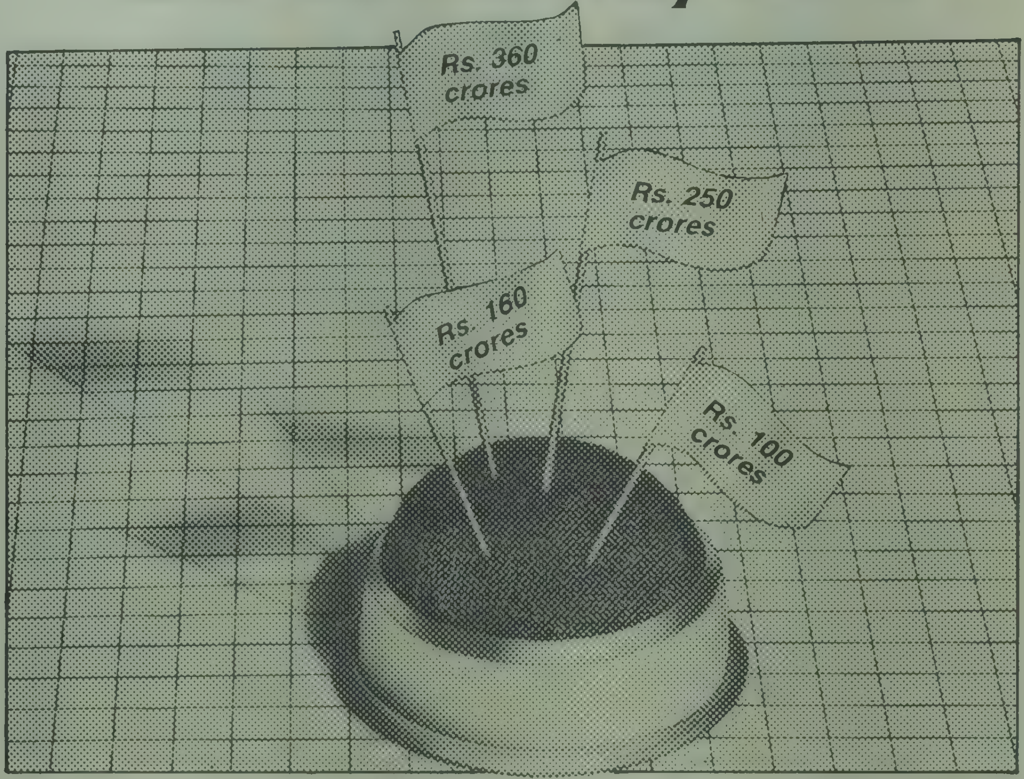
The Company is professionally managed and growth prospects are excellent. The Company provides an excellent environment and salary and perquisites are unlikely to be a constraint for the right candidate.

Please apply in strict confidence within 10 days to:

A.F. Ferguson Associates
Post Box 1786
Bombay 400 001

giving full details of age, qualifications, experience and salaries drawn. All applications and envelopes should be marked 'Ref. MS/4916'. Candidates not contacted within three months of applicaton, may asume that they are not being considered.

Dams, tunnels, power houses... take them as they come



Committed. Result oriented. Fast expanding horizons now open up for you. Set the clock ticking and consider... **Jaiprakash Associates** the engineering division of **Jaiprakash Industries,** India's leading civil engineering company with Rs. 1000 crores of projects in hand offers you exciting prospects at the following sites :

Kevadia Colony near Baroda in Gujarat for the Rs. 360 crore Sardar Sarovar (Narmada) Dam and Underground Power House.

Lakhwar–Vyasi near Dehradun in Uttar Pradesh for the Rs. 160 crore Lakhwar and Vyasi Dams.

Chamera near Dalhousie in Himachal Pradesh for the Rs. 100 crore Chamera Dam.

Iraq for the Rs. 250 crore Basrah Sewerage Project Stage III.

General Managers/Additional General Managers Deputy General Managers :

If you are a civil engineer below 45 years in age, and have handled major projects in civil engineering and have a proven track record of experience in handling men and machines this is a challenging project for you.

Attractive compensation package commensurate with experience.

Apply in strict confidence within 15 days to —

Executive Director (Head Quarters) Jaiprakash Industries Ltd., JA House,
63 Basant Lok, Vasant Vihar, New Delhi-110 057.

JI

JAIPRAKASH
INDUSTRIES LIMITED

LINTAS (DELHI) JI 53 2216

A reputed company selling consumer durables wishes to recruit certain key personnel at their head office. The company is a market leader in its range of products and its collaborators are the largest in the world. The company has been consistently performing well and the current turnover is around Rs. 150 crores.

GENERAL MANAGER — MARKETING

(MS/4920)

Western India

Over Rs.1,00,000 p.a. + house + car

The General Manager — Marketing will be responsible for the all India sales, marketing and servicing of the company's products. He will be responsible for developing a highly motivated and result-oriented marketing team and dealer network.

Applicants should be dynamic marketing professionals with a proven track record in marketing consumer/consumer durable products for minimum 15 years of which at least 5 years should be at a senior level. Preferred age: around 40 years.

EXPORT MANAGER

(MS/4921)

Western India

Around Rs. 1,00,000 p.a.

The Export Manager will be responsible for developing an overseas market for the company's products. He will be responsible for organising the export promotion activities and achieving export targets in co-ordination with the marketing team. He will report to the General Manager — Marketing.

Applicants should have minimum 10 years experience in exports in a large organisation. They should have travelled extensively overseas. Preferred age: around 35 years.

Please apply in strict confidence within 10 days to:

A.F. Ferguson Associates
Post Box 1786
Bombay 400 001

giving full details of age, qualifications, experience and salaries drawn. All applications and envelopes should be marked with the relevant MS reference number.

SAMTEL

Our Group is the largest manufacturer of picture tubes in the country with a group turnover of Rs.100 crores. We are diversifying into manufacture of colour picture tubes in collaboration with Mitsubishi Electric Corporation of Japan with an investment of Rs. 75 crores. To further strengthen our existing units and to meet the challenges of growth we have the following immediate openings:

GENERAL MANAGER/ DY. GENERAL MANAGER

(BHIWADI/GHAZIABAD)

We are looking for outstanding professionals to head our plants at Bhiwadi / Ghaziabad employing approx. 300 – 500 employees. The incumbent will be responsible for the profitable operation of the plant and its effective growth. The job calls for experience in profit centre management and ability to lead a strong team of professional managers.

Applicants should be engineers with 15-20 years experience in successfully managing operations preferably in a process industry. The position reports to the President of the Group and provides a high degree of autonomy for managing the plant. Applicants with less experience can be considered in exceptional cases.

FINANCE CONTROLLER

(GHAZIABAD)

The incumbent will take charge of entire financial and management control function and will report to the President of the Company. His responsibilities would include effective management of working capital, tax planning, funds management, budgetary control, M.I.S. and computer applications.

The selected candidate will be a chartered accountant with 10-15 years of experience out of which atleast 5 years should be at a senior level. We are looking for outstanding and mature professional who will lead a team of senior executives. Applicants with less experience can be considered in exceptional cases.

Please apply in strict confidence within 10 days with complete Bio-Data stating present and expected salary to :

The President
SAMTEL (INDIA) LIMITED
50-51 Community Centre
New Friends Colony
New Delhi - 110065

HARYANA TELECOM LIMITED

A Joint Sector Company promoted by Industrial Cables (India) Ltd. and Haryana State Industrial Development Corporation Ltd. is setting up a plant near Delhi with an investment of about Rs. 27 crores to manufacture Jelly Filled Telephone Cables in collaboration with a world famous European Group. The project, presently under implementation, requires the following personnel:—

GENERAL MANAGER (PROJECT)

The incumbent will assume overall responsibility for the timely implementation of the project within the budgeted cost with emphasis on scientific planning, organising and controlling of various functions. Candidates must be qualified engineers preferably with MBA degree and with about 15 years experience, part of which should be in the implementation of a similar project at senior level.

GENERAL MANAGER (TECHNICAL)

The candidates should have adequate exposure in the Telephone Cable Industry at Senior level in selection of Plant & Machinery or in operation with in depth knowledge in Process Control. The incumbent shall be fully involved in selection of machinery and their erection and is expected to interact with the Equipment Suppliers and the Collaborator. A graduate engineer with about 15 years experience shall be ideal.

FINANCIAL CONTROLLER-CUM-SECRETARY

The incumbent will have total responsibility for all aspects of financial management including financial accounting, cost control, company law and secretarial matters etc. He will have to interact with financial institutions/banks for term loans and working capital requirements for the project. The candidate should be a Chartered Accountant or MBA (Finance) as well as a qualified Company Secretary with adequate knowledge and experience in a comparable position of responsibility.

DEPUTY MANAGER (PROJECT)

The incumbent should be a graduate electrical/mechanical engineer with 7-10 years experience in planning and implementation of large projects.

DEPUTY MANAGER (ERECTION AND MAINTENANCE)

The incumbent should be a graduate engineer with atleast 7-10 years experience in the erection and maintenance of plant and machinery required for cable manufacturing units preferably in the Telephone Cables Industry.

Remuneration for all positions will compare with the best in the Industry.

Please apply in strict confidence, within 15 days giving details of age, qualifications, experience and salary to:

Haryana Telecom Ltd.
Jeevan Tara Building
Parliament Street
New Delhi-110 001

ABC's major specialisations include Corporate Consultancy

SALES MANAGER

Steel Castings

Calcutta **Excellent Terms**

We have been retained by a professionally managed, highly profitable, multi-product, multi-unit Industrial Group to recruit a Manager-Sales (Steel Castings) for them. The current sales turnover is Rs 150 Crores, which is targetted to cross Rs 200 crores in the next one year.

The incumbent would be responsible for all marketing & sales functions including market development, formulation of high return marketing strategies, achievement of sales targets, technical/commercial negotiations, etc. He should be preferably a Mechanical/Metallurgical Engineer with 10 years of similar experience, out of which atleast 3 years at Senior Manager level. Age Group 35-40. Code MS/CAL/2469.

High Performer would have rewarding career prospects in a highly stimulating & professional environment. Total remuneration package will be handsome & negotiable. Perks will include House/HRA, Car/Conveyance, LTA, Medical, PF, Gratuity. Please write in strict confidence within 10 days to **T Sengupta, Manager** and mark the envelope & enclosures with job title & code. Particulars of age, education, past experience, current position & responsibilities, emoluments drawn & expected, contact telephone numbers, present & permanent address, etc., should be clearly mentioned in the bio-data.

(Personnel Selection Division)
ABC CONSULTANTS PRIVATE LIMITED
43/3, Hazra Road, Calcutta 700 019, Phones : 47 3688 (5 Lines)

Data Processing ● Computer Software Packages ● Materials Management

SWOT Analysis ● Systems & Procedure ● Business Negotiations ● Socio Economic Studies ● Computer Feasibility

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SR. MANAGER/MANAGER

MARKET DEVELOPMENT GROUP

Industrial Products — Electrical & Electronics

Bangalore **Excellent Terms**

Our client, **KIRLOSKAR ELECTRIC COMPANY LTD**, is a professionally managed, multi-product and multi-division company manufacturing a wide range of Electrical and Industrial Electronic products with a turnover of around Rs. 140 crores. As a part of further diversification, the company has developed a host of other sophisticated electrical and electronic products for a variety of industrial & agro based applications. The company is setting up a Special Group to take exclusive care of market development activities for their new products and is on the lookout for a leader to head this vital function.

This will be a key position in the management cadre and prime responsibilities will include identifying growth areas in the medium & long term for new Electrical and Electronic products, close co-ordination with Research & Engineering team for product development and related market development activities. The main objective will be to introduce & establish the products in the markets to add significantly to company sales turnover.

Candidates should be Electrical/Electronic engineers with 7–12 years market development experience handling electrical/industrial electronic products with adequate exposure to market research, product planning & development and application marketing. Should have a sound technical grasp, necessary dynamism and result oriented approach to spot right opportunities in the markets. Age: Around 35.

The company offers excellent working environment for professional & career growth. The compensation package besides an attractive salary will include liberal perquisites and retirement benefits. Apply with detailed bio-data, within 10 days, marking envelope and application with job title & code MMD/MDS/1506.
ALL APPLICATIONS WILL BE TREATED IN STRICT CONFIDENCE.

Personnel Selection Division

ABC CONSULTANTS PRIVATE LIMITED

4, Jagannathan Street, Madras 600 034 Tel. 470778

Software Packages • Insurance Consultancy • Project Reports • Socio-Economic Studies

Computer Feasibility • Data Processing • Organised Cost Reduction

Quest

MANAGER

Human Resource Development

Our client is one of the most progressive Business Houses in the country, headquartered in Calcutta, with interests in diverse high technology Industrial Sectors and operations in Northern, Southern and Eastern India. The Group lays great stress on and attaches significant importance to Human Resource Development which is reflected in the very high calibre of its managerial and technical professionals. Its corporate growth plans are extremely ambitious and its commitment to developing and motivating people in the Organization is total.

He will be responsible for management development, identification of manpower and skill requirements, career planning and maintaining high employee morale, ascertaining training needs and organizing training programmes, linking performance appraisals with HRD sub-systems, employee counselling, etc.

The right candidate should be between 35 and 38 with sound experience in the HRD function and should be a Post-Graduate in Personnel/Behavioural Sciences. Since the Company is engaged in high technology areas candidates with Engineering qualification will be preferred. Professionals who can translate concepts of behavioural sciences to organizational development will find this assignment very rewarding.

The salary and perquisite package will be extremely handsome and will not be a constraint for the right candidate. Please write in strict confidence with detailed curriculum vitae and contact telephone number and superscribe the envelope with the position title.

QUEST CONSULTANTS & ENGINEERS PVT LTD

8/1 Chapel Road Calcutta-700 022, Phone:45-5166

Our Client is a public limited Company manufacturing process control instruments and systems in collaboration with an internationally renowned U.S. based Company. They have a network of branch offices all over India and would like us to select

BRANCH MANAGER – BOMBAY

(Process Control Instruments & Systems)

To take overall charge of their business activities for the western region including Maharashtra and Gujarat. In this capacity, he will lead a team of area managers and sales engineers and will be responsible for generating orders, co-ordinating with the factories for deliveries, billing, ensuring timely collection and maintaining a high standard of after sales service.

For this key position we are seeking an engineer in electronics or instrumentation between 35 to 40 years of age. He should have had 10 to 15 years' experience in sales of which at least 3 years should have been at a senior level in sales of process control instruments.

This is a senior management position with an attractive remuneration package.

Please apply in complete confidence with a detailed copy of your biodata and a passport size photograph within 10 days of this advertisement to:

PERSONNEL SEARCH SERVICES

(A division of Lobo Business Services Pvt. Ltd)

4th floor, 45, Bajaj Bhavan, Nariman Point, Bombay-400 021
Tel : 202 7207, 202 2885

Clamar

BRANCH MANAGEMENT POSITIONS

A professionally managed organisation wishes to recruit the following personnel for its branches which operate as independent profit centres. The Company markets nationally a range of microprocessor-based office automation products and is in the process of adding new products to its existing range.

BRANCH MANAGER — BOMBAY MS 2016

The incumbent will be responsible for the overall operations of the branch, which will include sales, service, warehousing, accounting, etc. He will lead and motivate a team of senior sales and service executives and others.

Applicants should be in the age group of around 35-40 years, preferably with post-graduate qualifications in marketing management and over 5 years of experience in marketing of consumer durables with a proven track record.

DEPUTY BRANCH MANAGER — CALCUTTA MS 2017

The incumbent will assist the branch manager in the overall operations of the branch with direct responsibility in the areas of sales and service.

Applicants should be in the age group around 30-40 years, preferably with post-graduate qualifications in marketing management and about 5 years of experience in marketing of consumer durables with a proven track record.

Salary and perquisites will not be a constraint for the right candidate.

Please apply within 7 days to :

S.B. Billimoria & Co.
113 Mahatma Gandhi Road
Bombay 400 023
superscribing the appropriate MS No. on the envelope and resume.

CHAITRA B SBB 53

ANDHRA PRADESH HEAVY MACHINERY & ENGINEERING LIMITED
(Subsidiary of A.P.I.D.C.a Govt of Andhra Pradesh Undertaking)
KONDAPALLI 521 228, Krishna Dt.

APHMEL, A MULTI PRODUCT, MULTI LOCATIONAL, FAST GROWING ENGINEERING INDUSTRY WITH INTERNATIONAL COLLABORATIONS, WISHES TO RECRUIT PROMISING AND DYNAMIC PERSONS FOR THE FOLLOWING POSITIONS.

Sl. No.	Name of the Post	Scale of pay	Total salary at minimum	Age limit	Qualifications required	Minimum Experience required
1	**DIRECTOR (Finance)**	Rs.3500–100–4000.	Rs. 4520.45*	50 years	Chartered Accountant preferably with additional qualifications of AICWA/ MBA/ACS	22 years experience out of which atleast 10 years in a Senior Managerial position in a reputed Engineering Industry.
2	**GENERAL MANAGER (Marketing)**	Rs.3500–100–4000.	Rs. 4520.45*	50 years	Graduate Engineer	24 years experience out of which at least 12 years in a Senior Managerial position in a Marketing Department.

GENERAL:

1. a. The minimum salary mentioned above includes Basic, D.A., and other allowances except H.R.A as per the Company Rules.
   b. * House rent to a maximum of Rs.1250/– p.m. is payable subject to deduction of 10 per cent of their basic pay instead of H.R.A.
2. The posts carry other benefits like P.F., Gratuity, Medical Reimbursement, leave encashment., L.T.C etc., as per the Company rules.
3. In addition to the scale, **Personal pay to the candidate will be considered as appropriate to the qualifications and experience of the Candidate.**
4. Preference will be given to SC/ST/BC candidates.
5. Those who are employed may apply direct, but should get 'No Objection Certificate' when they come for interview.

Applications with detailed Bio–data should reach the undermentioned within three weeks alongwith Indian Postal Order for Rs. 20/– (Rs. 5/– for SC/ST candidates) drawn in favour of "Andhra Pradesh Heavy Machinery and Engineering Limited, Kondapally 521 228"

Sd/–
(K R K MURTHY)
VICE CHAIRMAN AND MANAGING DIRECTOR

SRF

SHRI RAM FIBRES LIMITED

We are a professionally managed group with diversified operations in the areas of Industrial Synthetic Yarns & Fabrics, Engineering Plastics, Fluorocarbon Refrigerant Gases, Ball and Needle Bearings, Auto-electricals, Hire Purchase/Leasing and Financial Services. Annual group turnover exceeds Rs. 110 crores. We have an innovative and forward-looking finance function that provides exciting avenues for creativity and professional/career growth. For our rapidly growing operations, we require:

FINANCE PROFESSIONALS

Excellent Terms **Delhi, Madras, Ranchi**

Candidates should be Chartered Accountants or MBAs (Finance) with an excellent academic background in the age group of 24-28 years with 2 to 5 years of post-qualification experience in the finance function in a reputed manufacturing company.

The positions offer excellent long term career prospects, as also an attractive remuneration package comparable with the best in the industry.

Please apply within 10 days, giving full details, superscribing the envelope "Finance Professionals" to:

Vice President (Personnel),
SHRI RAM FIBRES LIMITED
Express Building
9-10, Bahadur Shah Zafar Marg
New Delhi-110 002

RELIABLE FOOD INDUSTRIES PRIVATE LIMITED

RELIABLE'S

We are a company of a progressive and diversified industrial group based at Bhopal. The company shall soon be launching a range of snack foods with technical assistance from West Germany and Japan.

To staff the new venture, the company wishes to appoint the following professionals.

MARKETING MANAGER: BHOPAL (FMM-05)

The incumbent shall be responsible for the complete marketing function of the company. Candidates should be MBA's with 5-8 yrs experience in marketing of processed food. This is a very senior position which reports to the Director.

REGIONAL SALES MANAGERS: BOMBAY, DELHI (FSM-06)

The incumbents shall be responsible for the complete sales function in their allocated regions. Candidates should preferably be MBA's with 4-6 yrs experience in marketing of processed food or consumer items. The positions report to the Marketing Manager.

SALES REPRESENTATIVES: BOMBAY, DELHI, BHOPAL (FSR-07)

The incumbents would be responsible for affecting actual sales in their allocated territories, Candidates should be graduates with 2-3 yrs experience in field sales of consumer items.

FINANCE MANAGER: BHOPAL (FFM-08)

Incumbents shall be responsible for the entire finance function including Accounting, Taxation, MIS and Secretarial matters. Candidates shall preferably be Chartered Accountants/Company Secretaries with 7-8 yrs practical experience. This is a senior position and reports directly to the Director.

MATERIALS MANAGER: BHOPAL (FMT-09)

Incumbents would be responsible for the complete materials function and should be knowledgeable of procurement of food raw-materials. Candidates should preferably be MBA's with 3-5 yrs experience in similar capacity.

EXPORT MANAGERS: BOMBAY, DELHI (FEM-10)

Incumbents shall be jointly responsible for the export division of the company. The job involves procurement management and international marketing. Candidates should be familiar with formalities & documentation in exports, imports and should have worked in a registered Export House for 4-5 yrs in similar capacity.

QUALITY CONTROL OFFICER: BHOPAL (FQC-11)

Incumbents should possess thorough knowledge of Lab Testing, Product Formulation & Analysis of processed food. Candidates should be graduates in Food Technology or Science. Experience of 3-4 yrs for Food Technologists & 7-8 yrs for Science graduates in the food processing industry is desireable.

EDP PERSONNEL: BHOPAL (FED-12)

Incumbents should be capable of independently handling the company's management information system. Candidates should possess minimum 3 yrs experience in programming.

The company offers excellent professional working environment. The remuneration package for each position compares favourably with the best in the industry and shall not be a constraint for deserving candidates.

Detailed applications mentioning experience, academic background, salary drawn and expected should reach the following within 15 days of this advertisement.

Envelops & application should be marked with the appropriate position codes.

Executive Director,
RELIABLE FOOD INDUSTRIES P. LTD.,
Reliable House, A-6, Kohe-fiza, Bhopal-462 001.

TASK FORCE 2

The company that revolutionised office automation needs people who will revolutionise dealer development.

In the tough, competitive world of office automation it has taken PCL just 5 years to achieve a user base of over 15,000 installations in 300 prime locations. With an incredible 68% repeat order track. And an ever-expanding market presence all over the country. A revolution that reflects the company's fresh and dynamic approach to office automation.

Now we need people who will carry this revolution into another sphere : dealer development.

The kind of person.

In today's competitive market, selling computers through dealers is a job that will demand creativity, unconventionality, dynamism and innovativeness. The job calls for a special talent to identify dealers with the potential to undertake the sales and promotion of complex products like ETs and computers. Which means looking beyond traditional dealers to those who reflect your own dynamism and initiative. With an openness to adopt new selling ideas. Charged with a high degree of self motivation yourself, you should be able to motivate the dealers too.

Manager (Distribution) :

H.O. New Delhi

The candidate would have to set up dealer points and upgrade the existing dealer base for different product categories, viz., Electronic Typewriters and their accessories, the Orbit range of computers and their accessories and other PCL product ranges. He will have to evolve standards to evaluate dealer appointment/performance, formulate incentive schemes and provide marketing and service support. The 100-location network will have to be set up with clear objectives and planning. And must meet with the standards of PCL's customer and support service. Consequent to setting up the network he will be responsible for dealer sales, achievement of high growth targets with varied product mixes and training and monitoring the dealer network on a continuous basis.

Candidates must be MBAs with 10/12 years' work experience of which at least 5 years should have been in a managerial position. Applicants with a consumer industry background and extensive exposure in appointing, locating, screening, upgrading and delivering results through dealers will be at a distinct advantage. Office Automation Industry Managers with similar experience will also be considered. The candidate will report directly to the GM.

Area Dealer Development Managers : Bombay, Calcutta, New Delhi Madras.

Candidates will report to and assist Manager(Distribution). Will be responsible fo achieving sales targets, collections, coordinating technical support facilities to dealers and continuous upgrading of dealer network.Candidates must be MBAs with 5/7 years' experience of which at least 2/3 year should have been in a managerial position. Preference will be given to candidates with a consumer industry background and previous exposure to Dealer Network Programming.

We expect you to help PCL reach out to more and more customers. In return we will reach out to you with a work environment tha encourages innovative, unconventional but result-oriented thinking. And an attractive remuneration package that will match your talents. Apply to : The Personnel Manager,

Pertech Computers Limited
E-46/10. Okhla Phase-II, New Delhi 110 020
Tel : 6837379, 6841860, 6841864, 6846472

PCL

INDIA'S FASTEST GROWING COMPUTER COMPANY

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Sintex

VC DOORS & WINDOWS

Heralding a New Era of Enduring Elegance and Engineering Excellence in India

The same class, the same style, the same quality and the same performance that's taken the western countries by storm.

Sintex... the pioneers in moulded polyethylene water storage tanks now bring to you yet another revolutionary product, PVC Doors and Windows that have already outclassed timber, aluminium and steel in the most advanced countries like W. Germany, Holland, Australia, U.K., Japan and in countries like New Zealand, South Africa, Saudi Arabia and Spain, places which have hot and dry climates like India.

Sintex PVC Doors and Windows now offer you a never-before perfect blend of enduring elegance and engineering excellence. With features that were a dream till now.

Enduring Elegance

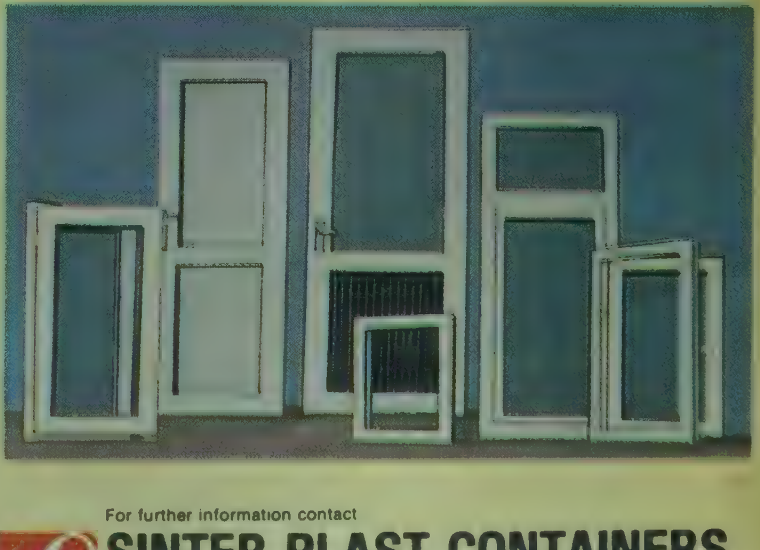
The beautiful white look stays that way for decades without ageing.

- **Waterproof :** No rotting, no swelling, no warping.
- **Weatherproof :** Unaffected by sun, rain or snow... undaunted by salty air. No fading, no flaking.
- **Maintenance-free:** No rusting, no oxidisation, no painting.
- **Termiteproof:** Immune to all types of insects, white ants and pests.

Engineering Excellence

- **Perfect Design:** Computer-aided design for maximum stability and versatility.
- **Perfect Fitting:** Provided with superb fittings. Extra iron grill can be provided for security purposes.
- **Concealed Steel Reinforcement:** For extra strength in bigger sizes.
- **Perfect Alignment:** Precision-welded on computer-controlled machines.
- **Total Sealing:** Equipped with EPDM gaskets to ward off dust altogether and to give you a better heat and sound insulation.
- **Double Glazing:** This unique optional feature cuts down your heating or air-conditioning bills by about 30%.
- **Special Built-in Water-Drainage System:** Keeps out rainwater; something unheard of in this country.

Ideal for hospitals, computer rooms, electronic plants, factories, food-processing and pharmaceutical plants and wherever a dust-free environment vitally matters. Adds to the value of commercial establishments and multistoreyed residential buildings. Contributes to the ecological balance by curtailing deforestation and saving energy. So when you need PVC Windows and Doors next for your new construction or old buildings, it makes real sense to switch to Sintex.



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Phone: (02764), 2228, 3144, 3145 Gram: "SINTEX" Telex: 01205-202 SPC IN

Bidhan-SPC-35

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Tyres that take you
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of that Skypak man!
He never fails to
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We'll deliver. Wherever on earth. SKYPAK The worldwide couriers.
Skypak House, Off M.Vassanji Road, Marol Naka, Andheri (E), Bombay 400 059.

Avenues SC 43

We are a leading Indian Company specialising in trade with USSR and having an office in Moscow. We have openings in India & USSR strictly for Russian-knowing specialists :

1. **Инженер-строитель**
2. **Инженер-электронщик**
3. **Инженер-программист**
4. **Инженер-механик**
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6. **Менеджер/по сельскому хозяйству/**

Просьба подать заявление только :

— если Вы прекрасно владеете английским и русским языкам;

— если Вы получили высшее образование в СССР и прожили там не менее трех лет;

— если Вы имеете опыт работы в соответственной области как минимум на два года.

Please apply in English within 10 days mentioning salary drawn and expected to :

Box No. AA/244/BT/7, **Business India,** 59, Regal Building, Connaught Circus, New Delhi-110 001.

ABC INTERNATIONAL

WE INVEST IN PEOPLE

SOFTWARE DEVELOPMENT PROFESSIONALS

We are a group of professional Indian and NRI entrepreneurs with established successful ventures in India and abroad. ABC International is our new company set up in India with prime interests in Software Export and Import, Technology Transfer, International Consulting and Non Resident Project Services.

We have concluded large software development contracts in USA, Japan and Australia. Delivery of an IBM Mainframe is expected within two months. We therefore require qualified professionals for assignments in USA, Japan and Australia, as well as for turn-key projects in India. We require ambitious and qualified professionals at senior management and professional levels. If you have more than 3 years experience in the following and are interested in working for a dynamic young organisation like ours then please send us your resume.

- MVS
- CICS
- IMS/DL1
- Assembler
- TSO
- SQL
- Cobol

Salary and growth prospects are excellent. In addition, you will have an opportunity to work in a professional environment with excellent potential for career advancement based purely on merit. The incumbents will be trained in Japan and Australia and will have short-term assignments in various countries abroad.

Please apply to H.S. Rao, Managing Director (Ph. 6416431) within 10 days quoting position of your interest.

ABC INTERNATIONAL PRIVATE LIMITED
202, Meghdoot, Nehru Place, New Delhi-110 019.

SOFTWARE • TECHNOLOGY • INTERNATIONAL CONSULTING • NRI PROJECTS

TAMILNAD MERCANTILE BANK LIMITED, CENTRAL OFFICE,

283 W.G. C. ROAD,
TUTICORIN-628 002.

Requires dynamic, professional banker for the post of Chairman & Chief Executive Officer

UALIFICATION : Good Degree with CAIIB qualification Degree in Law or M.B.A., will be preferable.

GE : Around 50 years

XPERIENCE : Commercial Banking experience not below the Rank of Deputy General Manager Cadre in any Scheduled Commercial Bank (including Public Sector Banks).

ALARY : Salary permissible to Chairman of Private Sector Banks.

pply to the following address within 2 weeks rom the date of publication of the advertisement enclosing detailed Bio-data and recent assport size photo, cover superscribed as Application for the post of Chairman".

The Chairman,
Tamilnad Mercantile Bank Ltd.,
283, W.G.C. Road,
Tuticorin-628.002.

KERALA STATE INDUSTRIAL
DEVELOPMENT CORPORATION LTD.

Requires
Managing Director/Technical Director
for one of its subsidiary units located at Calicut.

■■ Qualification

First or high Second Class Degree in Metallurgy/ Mechanical/Electrical Engineering.
Degree/Diploma in Business Administration desirable.

■■ Experience

About 18 years experience of which at least 7 years should be in a senior managerial position in a reputed manufacturing concern. Experience in steel and steel based industries preferred. Experience in arc furnace based steel plants with continuous casting facilities will be advantageous.

■■ Remuneration

Commensurate with qualifications and experience. Persons drawing less than Rs 48,000/-per annum need not apply.

■■ Age

Preferably between 40 and 50 years.

Applications with full bio-data may be sent to the following address within 15 days from the date of this advertisement.

Manager(Personnel & Administration)
Kerala State Industrial
Development Corporation Ltd.
Keston Road, Kaudiar
Trivandrum - 695 003

KSIDC

Stark/Tvm/KSIDC/241 E

Blow Plast Ltd.

We are a professionally managed organisation with an enviable record of marketing in a fast paced and competitive business environment. Our products VIP and Skybags Luggage, Leo Toys and Moderna Furniture Systems are brand leaders in their respective market. The Company's turnover currently exceeds Rs.110 crores. We have our Corporate Office at Bombay and operate through a sales network of 32 branches all over the country.

We need a dynamic manager for the following position in our Luggage Division:

ZONAL MANAGER (SOUTH)

Location: Bangalore **Age: 30-35 years**

The South Zone has six branches/depots at Bangalore, Madras, Coimbatore, Hyderabad, Vijayawada and Cochin, each headed by a Manager. The incumbent will assume overall responsibility for the profitable management of the branches in the zone. To this end he will be expected to effectively plan and implement the sales and marketing strategies as well as lead the branch teams to ensure a high level of operational efficiency.

This is a senior management position and the successful candidate would be a Management Graduate from one of the premier institutions with atleast 6 years experience in independently handling a Branch/Sales operation, preferably in the consumer goods industry. Above all, the person we are looking for should be dynamic and have proven leadership qualities.

The Company provides, in addition to an attractive compensation package, a professional yet informal work environment with ample scope for career advancement, linked to performance on the job.

Please write within 10 days giving full details of age, qualifications, past experience, current employment and emoluments etc., superscribing the envelope with the position to:

Vice President — Personnel
Blow Plast Ltd.
Post Box No. 9145, Bombay 400025

New Commercial Advtg.

TABLETS (INDIA) LIMITED

needs

REGIONAL SALES MANAGER
At DELHI
For Northern Region

We are a leading and rapidly growing Madras based pharmaceutical company manufacturing and marketing an excellent range of formulations including large volume parenterals. We have technical tie-up with an international company.

We are presently operating primarily in the Southern States of India and wish to expand our operation to other parts of the country.

The job involves managing field staff and motivating them to achieve sales objectives, Regional Office Administration, stockists performance appraisal, strengthening marketing and distribution channels.

The incumbents would be graduates in early 30s with atleast 10 years of selling experience with a reputed pharmaceutical company out of which atleast 5 years as Field Manager, with a track record of achievements, administrative ability and full knowledge of Markets of respective Regions. Candidates with experience as Second Line Field Managers will be preferred.

The remuneration package is negotiable and will not be a constraint for right candidates.

Please apply within 10 days giving complete bio-data with a recent passport size photograph to

GM (Marketing)
TABLETS (INDIA) LIMITED
179, T.H. Road,
MADRAS - 600 081.

FULLER K.C.P. LIMITED

Regional Manager

(Bombay)

To meet the company's present commitments and to cater to future growth, we seek to fill the above appointment in the senior management cadre.

The candidates should be conversant with the latest cement and allied technology — in the domestic and international fields.

We expect the applicants to have an engineering degree with minimum 10 years' experience in marketing/engineering of products and projects pertaining to cement and allied industries. Age around 40 years.

The successful candidate is expected to take charge of the regional office immediately.

The position carries an attractive compensation package including company car, HRA, PF, Medical benefits, LTA, Gratuity and Superannuation.

Apply in confidence within 10 days, enclosing a detailed resume to:

The President
Fuller K C P Ltd.,
2, Victoria Crescent Road,
Madras — 600 105.

FKCP.934.88

RANBAXY

require

MATERIALS MANAGER

DEWAS (M.P.) Attractive Terms

Key result areas constitute efficient procurement of packing and raw materials, engineering equipment, spare parts and consumables, material planning, and inventory control for pharmaceutical manufacturing activities.

Candidates around 35 years of age with a basic qualification in Science/Engineering and an MBA may apply. At least three years experience in handling the materials function independently at a senior level is essential.

This is a key position and the incumbent would be a member of the senior management team at the plant. In addition to a challenging assignment, the location provides a neat and clean environment, excellent climate and good cultural and educational facilities besides opportunities for career growth.

Apply to:

Corporate Personnel Manager,
Ranbaxy Laboratories Ltd.
25, Nehru Place, NEW DELHI-110019

We are a professionally managed medium scale industry based at Hyderabad, established with reputed foreign collaboration and technical expertise. We have maintained an impressive growth rate and are on the look out for experienced personnel to fill key positions in one of our prestigious diversification projects:

ELECTRICAL ENGINEER

The Candidate should have a B.E./M.E. (Electrical) degree with 5 years experience and should be aged around 30 years. He should be dynamic, and willing to take up the development work of new magnetic material. Experience in Control Systems related to Arc Furnaces for Steel Production or related lines will be useful. Candidates with an in-depth knowledge of magnetics will be preferred.

MECHANICAL ENGINEER

The candidate should have a B.E./M.E. (Mechanical) degree with 5 years experience and should be aged around 30 years. He should be dynamic and capable of developing a pilot plant for the manufacture of magnetic material. A knowledge of Process Control Systems related to Steel Production is desirable. The candidate should also be capable of developing components, systems, and related equipment required for the pilot plant using a new process which is presently developed in the laboratory.

Interested candidates may send their applications along with a brief resume indicating their experience, salary drawn etc., to:

Box No. AA/273/LV/2, **Business India,**
157, 8th Main Road, Vasantha Nagar,
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Near Calcutta

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The Textile Unit is a part of well established large, diversified, professionally managed Company reputed for its progressive outlook.

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Responsiblity includes ability to organise and administer total range of Security, Law and Order and Administrative measures in the Plant and Residential Colony including fire prevention and fire fighting, High level P.R. and Liaison work with Government and Non-Governmental Agencies. Candidates should be Ex-Servicemen from any wing of Defence Services not below the rank of Lt. Col. or equivalent, possessing working knowledge of CRIMINAL & CIVIL Laws and flair for written and oral communication. Age between 40-50 years with an excellent track record and proven abilities in the above mentioned areas.

Please apply in confidence within 10 days to

Mr. R. L. Kapur
Regional Director (East)
ASIAN CENTRE FOR ORGANISATION
RESEARCH & DEVELOPMENT
Flat No. 1
8/10 Alipore Park Road
Calcutta-700 027

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Ours is a multiproduct, multi disciplinary group of companies having manufacturing, trading and export activities in diversified fields of FROZEN FOODS, AGRICULTURAL PRODUCE, ENGINEERING GOODS, CHEMICALS, BULK DRUGS AND PHARMACEUTICALS, YARN AND TEXTILES, LEATHER, PROJECT EXPORTS, etc.'

We require dynamic and result oriented persons for following posts at Bombay:

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For commodities and other items mentioned above.

They will be responsible for developing and promoting exports of respective products. Should be thorough in sourcing with wide contacts with suppliers and buyers. Should have complete knowledge of export business and export formalities.

SENIOR EXECUTIVES—IMPORTS

Thorough knowledge of Import/Export Policy procedures and Export House formalities essential.

Must be experienced in Export/Import Documentation and must be familiar with EPCS, JCCI & E, Customs, Banking formalities, REP/Additional/Advance Licensing & Capital Goods Import procedures.

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Must be well versed in Banking, Foreign Exchange, Import and Export Documentation and must have complete knowledge of Import/Export Procedures and formalities.

Attractive salary and benefits offered.
Apply to:
GPO BOX 997, BOMBAY-400 001.

ANALYST/ PROGRAMMER

A large and internationally very well known multi-national corporation wishes to recruit an Analyst/Programmer to be based at its India headquarters in New Delhi.

The incumbent will be primarily responsible for supporting the corporation's DP applications on IBM PC's installed in various locations all over the country. This would involve setting up master files for new locations, incorporating user enhancements and investigating/resolving software problems as and when they arise. Additionally training of users in the operation of PC packages and development of new packages to meet user needs would also form part of his job.

Applicants should be graduates between the age of 25-32 with a minimum of 3 years Cobol/Basic programming experience. Thorough knowledge of DBASE III, Symphony and Lotus is essential.

The salary envisaged is negotiable and would compare favourably with the best in industry.

Please apply within 10 days giving details of age, qualifications and experience to :

A F Ferguson Associates
Hansalaya
Barakhamba Road
New Delhi 110 001

Applications and envelopes should be marked **'Ref : MS/4823.**

MANAGING DIRECTOR/PRESIDENT

Attractive Remuneration
+ Car + Housing + Other perks

NEW DELHI

A large reputed **Public Limited Company** in the business of Chemicals and manufacturing, among other things, Polyester Staple Fibre is looking for a dynamic **Managing Director/ President** to head its operations. The Company is a market leader, enjoys very good reputation for its products in the market and has been showing the best returns and profitability since inception. It is poised for major diversification/expansion for which most of the formalities have already been completed. The desirable candidate should be around the age of 50 years with about 20 years of experience preferably in the related industry. He should have held senior management positions immediately below the Board level or at the Board level. The age may be relaxed in case of persons with special experience. The terms and benefits will include very attractive compensation package allowed under the Company Law plus furnished accommodation plus Car plus other benefits allowed in reputed large Public Ltd. Cos.

The applications addressed to the Chairman with complete bio-data must reach within 20 days from the date of publication of the advertisement to Box No. AA/273/CV/4, **Business India,** 59, Regal Building, Connaught Circus, New Delhi-110 001.

VICE PRESIDENT – FINANCE

Bombay

Senior level
compensation package
including housing

A reputed Indian business group wishes to recruit an outstanding professional to head its finance function. The current turnover of the company is around Rs.100 crores. The incumbent will head the finance function and will be responsible for financial management, accounting and management reporting.

This is a senior level position reporting to the Managing Director. The person should have a keen financial sense and should be fully conversant with the formalities and procedures associated with banking and institutional finance. He has to liaise with the financial institutions and banks and ensure efficient management of company's working capital.

Applicants should be chartered accountants with about 10-15 years specialised experience in treasury management. Our client is looking for a steady and mature professional who can discharge this responsibility independently. Preferred age: 40-45.

The compensation package is unlikely to be a constraint for the right candidate. Housing could be also negotiated.

Please apply in strict confidence within ten days to: **A. F. Ferguson Associates, Post Box 1786, Bombay 400 001,** giving full details of age, qualifications, experience and salaries drawn. All applications and envelopes should be marked "Ref. MS/4924".

We are a well-established and reputed Industrial Group having modern and diversified production facilities in Textiles and Chemicals. This is backed up by International trading and own manufacturing facilities in Europe, America and the Far East. We are on the look-out for:

AN INNOVATIVE TOP EXECUTIVE FOR THE MARKETING OF TEXTILES

To meet the emerging challenges of the Textile Industries, the Group has identified the need for an innovative, dynamic, creative person with new concepts and an impressive track record. The incumbent,while continuing to market the existing product range with sound marketing policies and strategies, is expected to develop and introduce new fabrics/hi-tech processing. Ability to provide long-range direction, implement and accomplish corporate objectives will be the guiding principles of selection.

This will be a senior appointment at the corporate level. The designation will be commensurate with qualifications and experience. The incumbent will operate from Bombay and will be accountable to the Vice Chairman/Managing Director. Preferred age is 38-45 years.

An attractive compensation package will be offered including Company car. However, housing will not be provided.

Persons with suitable experience, attitude and approach may write with full particulars within 15 days to:Post Box No. 9320, Dept. JS/MD, Bombay 400 036.

280

MANUFACTURING HEAD

Western India **Around Rs. 80,000 p.a. + house + car**

A large well known professionally managed multi business company wishes to recruit dynamic managers to head their manufacturing operations. The company has collaboration with well known companies and is in the process of upgrading its manufacturing facilities.

The Manufacturing Head will be responsible for achieving production targets and quality standards as well as providing innovative technical leadership. He will be responsible for knitting a large team of engineers and workers into a responsive result oriented team. He must be capable of working under considerable pressure and will be accountable as a profit centre head.

Applicants must be graduate engineers preferably with a management qualification with at least 15 years experience in manufacturing in a modern production facility preferably in electrical or light engineering industry. Exposure to all aspects of manufacturing and a proven track record are essential. Preferred age: Around 40 years.

The remuneration will be negotiable around Rs. 80,000 p.a. and will be well structured. House and car will be provided in addition to medical and retirement benefits. Growth opportunities are excellent.

Please apply in strict confidence within 10 days to:

A.F. Ferguson Associates
Post Box No. 1786
Bombay 400 001

giving full details of age, qualifications, experience and salaries drawn. Applications and envelopes should be marked "Ref: MS/4929"

HOSPITAL ADMINISTRATOR

Bombay

Rs.1,00,000 p.a. gross (negotiable)

A top hospital in Bombay is looking for a Director, Administration. The selected candidate will be responsible for all non-medical functions, e.g. personnel and IR, finance, and accounts, establishment, security etc. He will also maintain close liaison with the medical side of the hospital.

Candidates should be mature general managers, with very good leadership qualities, proven strengths in IR and an interest in social service. Ability to enlist the cooperation of others — subordinates, peers and superiors — is an essential attribute. Preferred age: 45-50.

The position carries a good salary package, but no housing.

Please apply in strict confidence within 10 days to:

A.F. Ferguson Associates
Post Box 1786
Bombay 400 001

giving full details of age, qualifications, experience and salaries drawn. All applications and envelopes must be marked "Ref. MS/4923"

EXECUTIVE DIRECTOR

A large Public Limited Company, having annual turnover of Rs. 200 crores and annual profits of over Rs. 20 crores, has diverse industrial products manufacturing activities in technical collaboration with several renowned American and European Companies. It is considering to strengthen its Chemical Division to provide better emphasis for its faster growth by expansion and diversification, which has necessitated need of a high calibre Chief Executive level person.

The person would be in addition required to take complete charge and full responsibilities of the entire operation of its existing two large size chemical works, including production, marketing, finance and profitability. He is targetted for elevation to Executive Director level position in the Company in 5/7 years. A technocrat having first class degree in Chemical Engineering with overseas higher education/MBA qualification is being looked-in.

Minimum 20 years experience, of which atleast 10 years in Senior management position in India or abroad in large Chemical/Petrochemical companies is desired. The position requires high degree of technical expertise, commercial acumen and man-management capabilities. Preferred Age 45 years plus.

Being a top management position, salary and perks offered will be attractive. Application be sent in strict confidence with needful details to.

Box No. AA/273/LI/3, **Business India**, *59 Regal Building, Connaught Circus, New Delhi-110001.*

ABC's major specialisations include Corporate Consultancy • O & M • Technology Transfer • Project Reports

FINANCE MANAGER

We have been retained by a prestigious Trading/Agency House headquartered at **Jamshedpur** to select a Finance Manager for them. Current group sales turnover is Rs 30 Crores and major business activities are selling of Telco Trucks, Fiat Cars, Jeeps, LCVs as well as Leasing of Vehicles.

He will be incharge of all finance & accounts functions including **income tax matters,** budgeting & management reporting, financial accounting, etc. Must be a qualified CA/ICWA with similar experience. Age Group 35-50. Total remuneration package will be handsome & negotiable. Please write to **B P Agrawal, Chairman** and mark the envelope & enclosures with job title & code FMJ/CAL/2470. Particulars of age, education, past experience, current position & responsibilities, emoluments drawn & expected, contact telephone numbers, present & permanent address, etc., should be clearly mentioned in the bio-data.

ABC CONSULTANTS PRIVATE LIMITED

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NAGARJUNA STEELS LIMITED is a member of the Nagarjuna Group - one of the fastest growing corporate conglomerates. The Company which is poised for significant growth and diversification requires a dynamic result oriented

FINANCE MANAGER

The position involves overall responsibility for all financial, accounting and taxation matters for the Company's largest division. Candidates should be Chartered Accountants/MBAs with good academic background and a minimum of 8-10 years experience. Should have independently handled the Finance function in a reputed organisation. This is a senior management position and the incumbent is expected to possess considerable managerial skills. Desired age around 35 years. Remuneration will be commensurate with the qualification, experience and background of the candidate.

Applicants should send a detailed resume, including details of responsibilities, achievements, salary history and a passport size photograph in two weeks time to:

Vice President
Nagarjuna Steels Limited
Nagarjuna Hills Hyderabad-500 482.

We are a highly professional entity,
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SELL this brainchild to the higher echelons of corporate management.

You must have rich **EXPERIENCE** in corporate finance. An embellishing **QUALIFICATION** in the fields of a financing discipline e.g. C.A./C.F.A./M.B.A. will be so much the better!

You need to have an innate dedication to excellence. You ought to be self-motivated, imaginative and an extrovert.

Your **AGE** would ideally be between 28 and 38 years.

REMUNERATION shall be negotiated liberally and would not pose any constraint.

APPLY within two weeks to : **Box No. AA/273/KB/1**, Business India, Wadia Bldg., 17/19 Dalal St., Bombay 400 001, higlighting your operational repertoire and pertinent track record.

MARKETING MANAGER

(CONSUMER MARKETING)

Bombay

Senior level compensation package

A well-known and progressive Indian Company with impressive track record wishes to recruit an outstanding professional to oversee the marketing of its new product division. The turnover of the new division is likely to be around Rs. 50 crores. The company has ambitious growth plans and there are good prospects for career advancement based on performance.

The Marketing Manager will be responsible for evolving product promotion strategies, overseeing sales and distribution, advertising and other related functions. The position calls for innovative approach to marketing and proven strengths in team leadership.

Candidates should be top flight consumer marketing professionals with first hand experience in field selling and exposure to conceptual aspects of marketing.

Preferred age: 40-45.

Compensation package will be tailored to meet the best talent required for this challenging assignment.

Please apply in strict confidence within 10 days to:
A.F. Ferguson Associates
Post Box 1786
Bombay 400 001
giving full details of age, qualifications, experience and salaries drawn. All applications and envelopes should be marked 'Ref. MS/4925'.

ENFIELD

ENFIELD are manufacturers of the **Bullet, Silver Plus, Explorer** and **Fury** range of Two Wheelers; **Television** sets, besides being the leaders in multi-purpose **Portable Engines.**

We now plan to add to our range of **PORTABLE GENSETS** in technical collaboration with **MITSUBISHI HEAVY INDUSTRIES, JAPAN.** To support the Head of the Engines Marketing, we need at **Madras** for All India operations a

MARKETING MANAGER (GENSETS)

He will be responsible for

- selection and development of All India distribution network
- successfully launching the product and increasing the volume in a competitive market by creative selling techniques
- developing institutional market

The candidate should be a Graduate, preferably an Engineer below 35 years of age, with 8 years related experience of which at least two years should be at a similar level in Consumer Durables/Institutional marketing.

Professional qualification in Marketing Management and exposure to marketing of gensets, product launch and intimate knowledge of the trade will be an added advantage.

Salary and perquisites will not be a constraint for the right individual.

Please apply within 10 days giving relevant details to:

Corporate Manager - Personnel
THE ENFIELD INDIA LIMITED
"Enfield House"
115, Anna Salai
Madras 600 015.

MANAGEMENT CONSULTANTS

Bombay, Baroda, Calcutta, Delhi, Madras, Bangalore

The Management Consultancy Division of A. F. Ferguson & Co. wishes to recruit MBAs (preferably engineers), Chartered and/or Cost Accountants, Industrial Engineers, Personnel Specialists, to work on a variety of interesting assignments in India and abroad in areas such as business strategy/diversification studies, Information Technology, preparation of feasibility/project reports, mergers and acquisitions, transfer of technology, marketing strategy, industrial engineering, organisation studies, etc.

Candidates should have a genuine interest in management consulting with professional skills and personal qualities of a very high order. 1 to 5 years post-qualification experience is desirable. Preferred age: 22-27.

The firm offers an excellent work environment and a very good salary package, which is in line with industry but no housing. Future prospects based on performance are excellent.

Those interested should send full details of their age, qualifications and experience together with an indication of their desired location to:

A.F. Ferguson & Co. (Ref: MCS)
Express Towers
Nariman Point
Bombay 400 021

GENERAL MANAGER — MARKETING

A reputed, professionally-managed Multi-national Company is looking for a GENERAL MANAGER — MARKETING. The Company's turnover is approximately Rs.20 Crores and is growing rapidly.

The General Manager — Marketing is expected to give long-term orientation and help in achieving planned growth and profitability. Sourcing new products will be a major area of responsibility. The selected candidate will be responsible for Sales, Marketing and Distribution functions. The Company has a strong marketing team and extensive dealer net-work.

Ideally, the candidate should have a background in Office Equipment Marketing with Electronic and Information systems bias.

A Degree in Electronics & Business Administration will be preferred.

Age: 35-40 years

For the first six months, the posting will be in Bombay and, later, at the Corporate Headquarters in Madras.

Attractive remuneration package is assured for the right candidate. Please apply in strict confidence, within 15 days, superscribing the cover with "GM — MARKETING", to:

Rosy Management Consultants P. Ltd.
Rosy Towers, 7, N. H. Road, Madras 600 034

Hawkins Cookers Limited, formerly Pressure Cookers & Appliances Limited, has a 28-year record of successful growth in an increasingly competitive market. Sales last year were around Rs. 27 crores. Progress in Hawkins is based on initiative and objective results. Out of the 139 members of the management group with Hawkins today for more than 2 years, 73 have achieved promotion to higher levels of responsibility.

The Company manufactures and markets Hawkins pressure cookers. It also manufactures unique kitchen electrical products such as the Inframatic and the Simmermatic, and has recently launched Hawkins pressure cooking masalas. A number of other products are under development.

The Company received the First National Award for Consumer Protection and Service by the Associated Chambers of Commerce and Industry of India, and is the winner of the Consumer Welfare Award by the Institute of Marketing Management. The Company has twice received the India Star Award for excellence in packaging.

All India Sales Manager Rs. 1,00,000 p.a. +

Responsible for providing leadership to Distributors, Service Centres, Sales Managers, Sales Officers and Sales Representatives; securing business from and maintaining relations with dealers and supervising consumer education programmes and other sales promotions.

The successful candidate is likely to be between 30 and 40, with a post-graduate management qualification from a reputed Institute, and a minimum of seven years' experience in marketing of consumer products.

The job is based in Bombay. Salary may be varied within reasonable limits by negotiation with selected candidates. In addition to the salary mentioned, benefits include Company accommodation/House Rent Assistance, Provident Fund @ 10%, Superannuation, Gratuity, LTA and Medical Reimbursement for employee and family.

Please apply in confidence within ten days giving full details of age, qualifications, experience and present emoluments, to: Chief Executive-Personnel, Hawkins Cookers Ltd., P.O. Box No. 16083, Bombay 400 005.

Wanted
by the makers of

Hawkins
UNIVERSAL
PRESSURE COOKERS

CAPOL

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DEPUTY MANAGER (QUALITY ENGINEERING)

We are a medium scale Tractor Manufacturing Company with the Annual Turnover of Rs.15.00 Crores.

We have long range plans for Growth and Diversification in the fields of Farm Mechanisation and Post Harvesting Technologies.

2. The selected candidate will be responsible for overall quality functions in the Company. He will be responsible for integration of all factors of Quality functions such as the process, Tools, Jigs and Fixtures, Gauges etc. of the Vendors, Raw Material Inspection. Failure Analysis and Feed Back, Quality Assurance from Component to Finished Product into a Quality System which satisfies the final product requirement. He will be required to formulate procedures and systems for Quality Assurance at all stages, their monitoring and evaluation.

3. Applicants should be Graduates/Post Graduates in Mechanical orMetallurgical Engineering with at least 5 years of relevant experience in quality functions of Industries like Automobiles, Tractors, Earth Moving Equipment, Machine Tools and light engineering etc.

The compensation package will be liberal and will not be a constraint for the right candidate.

Interested candidates may apply within 15 days to:

CAFE

The Secretary
CAPOL FARM EQUIPMENT LIMITED
"JALAGAM HOUSE"
D-3, VIKRAMPURI COLONY
SECUNDERABAD-500 003.

SANDOZ

require

SENIOR EXECUTIVE — TAXATION

THE JOB

Responsible for all aspects of Company and personal taxation; in particular, independent representation before tax authorities, preparation of appeals and tax planning. In addition, the incumbent will be required to handle non-routine Excise and Customs matters. The position, therefore, offers opportunities for satisfying contribution.

Reporting to Company Secretary.

THE CANDIDATE

C.A. with about 5 years' experience preferably in Corporate Taxation, Excise and Customs, as well as in other related areas.

Around 30 years of age.

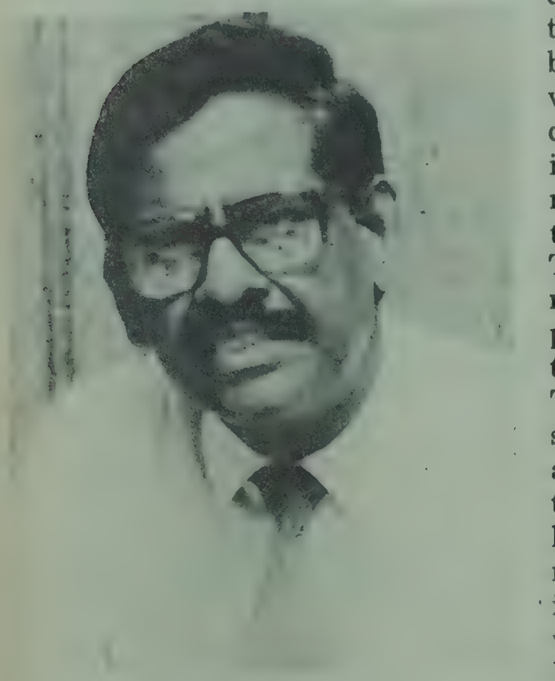
Terms compare favourably with industry standards.

The position offers scope for advancement.

Please apply within 10 days, superscribing the envelope with the position applied for, to:

Manager, HRD
SANDOZ (INDIA) LIMITED
Sandoz House
Dr. Annie Besant Road
Worli, Bombay 400 018

Enlarging the company secretary's scope



B.S. Doraiswami, *president of the Institute of Company Secretaries of India (ICSI) has been actively involved in expanding the role of the institute and the profession. He is also the secretary and general manager (administration) of Kunal Engineering Company Ltd, Madras, and served as chairman of the Southern India Regional Council of the ICSI during 1981-82. He was interviewed in Madras by Dharani K. Pani of* Business India.

The concept of a practising company secretary has been statutorily recognised by the amendment of 1988 to the Company's Act of 1956. How will this enlarge the role of the company secretary?

The ICSI has been accorded a certificate of practice. However, this statutory recognition was necessary to develop the practising side of the profession. The immediate result will be an increase in the number of practising company secretaries. The number of whole-time practitioners is bound to increase from the present number of 500 to almost 2,000 members within the next 12 months. The scope has increased because all the annual returns of the 6,000 companies listed on the stock exchange now have to be certified by a company secretary in whole-time practice. With the accent on self-regulation, he has now become a point of reference within the company, not only in secretarial matters, but also in trouble shooting, counselling and in ensuring the legal formalities of corporate functioning. The concept of the practising company secretary will be particularly helpful to smaller firms which cannot afford a full-time company secretary. The institute, for its part, has been recommending the nomination of company secretaries to the boards of companies.

The institute is playing an active role in promoting investor protection. Can you comment on this?

There is an urgent need to simplify share transfer procedures, in order to avoid delay and to do away with technical obstructions. The institute has made its recommendations in this regard to the Bansal Committee. There is also a need to strengthen the working of the Securities & Exchange Board of India. The government's move to transfer unpaid dividends to its account is not a step in the right direction, especially since this amount runs into several crores of rupees and there is usually a genuine reason for not claiming these amounts — either the forwarding address is not available, there is loss in transit, or there are cases of deceased shareholders — so in practice most of this amount will remain with the government. This amount should be transferred to the credit of the SEBI. A part of the interest accruing from this amount could be transferred to the concerned companies and distributed among shareholders. The remaining interest should be utilised by the board to fund its activities in the area of investor protection.

What steps should be taken in order to revive the market?

The institute has pleaded for the avoidance of double taxation of dividends, though technically speaking the government is correct in treating the company and the individual as separate entities. A system of imputation, akin to that in force in Australia and in several European countries, whereby the tax paid by the company is imputed to the investor, has to be worked out. Tax benefits should be extended for investment

shares. New issues are exempt up t certain level; this should be extend all investment in equity capital.

Is the investor supplied with adequate information by the company to enable him to make investment decision?

Under the present system, the bala sheet has to be made available for inspection to shareholders 21 days to the company's AGM. However, t institute is trying to take on origin research. One of the first projects be a study on the manner in which annual reports are utilised by investors. This study will help formulate statutory requirements balance sheets. Quarterly reports financial performance are necessar especially in the case of larger companies. However, the authoriti should wait until companies get u the current system of half yearly reports.

Does the uniform accounting y present any problems?

There could be an initial period of dislocation in various services, for instance the pressure on postal services, printing presses, etc, wou heavy. If the government feels tha will enable better control over eva the institute would support the m

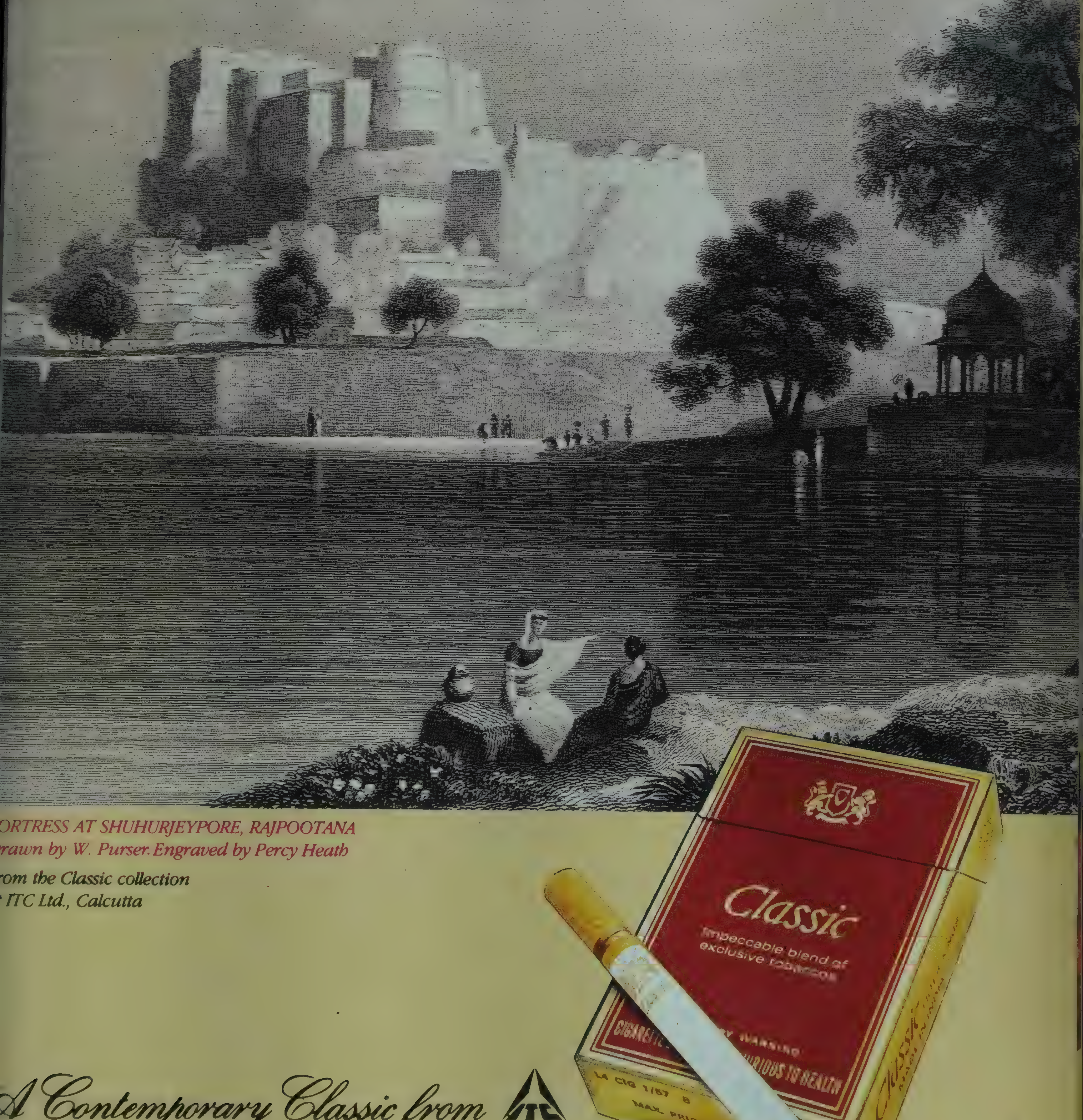
The recent changes in the com law fixes responsibility on the executive or the company secr who will be held 'an officer in default'. Your comments?

This move is welcome. We would advocate attachment of liability o company secretary, who has to ac more accountability as the profess seeks greater involvement in the running of companies.

What sort of a role do you perc for the institute?

There is a need to utilise a profes body like ours for greater interact between the government and the corporate sector, rather than institutions like the Chambers of Commerce which may be led to represent local interests. We perc definite changes in the role of the institute and are currently discus perspective plan. Our role is not regulatory in function but is conc with the efficient working of the corporate sector.

For those who value taste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46

Business India

agazine of the corporate world

September 5 to 18, 1988

Rs. 6

27
MYSORE

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THE MODI STORY

LARSEN & TOUBRO

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Which packaging will sell your product better?

The difference speaks for itself. While ordinary corrugated packaging merely protects your product, GLOPAC works hard to sell your product.

It's high time you switch to GLOPAC. And see your sales graph shoot up.

What's more, it does not cost the earth. For only about 20% more than ordinary corrugated packaging, you get a look-at-me -again packaging. For this small additional cost imagine the tremendous value you will get in terms of increased sales.

Let's count the benefits of GLOPAC :

- Retains it's glossy look even after months of storage on dealer-shelf.
  Resists moisture and water.
- Has a wipe-clean smooth surface.
- Costs 15% lesser than any other laminated corrugated packaging.
- Does not crease, pipe, wrinkle etc. under normal conditions.

GLOPAC is ideal for most consumer durables, including :

Cooking Range, Computers, Luggage, Mixers, Non-stick Cookware, Pressure Cookers, Television, Two-in ones, Videos, Washing Machines and other domestic and kitchen appliances Crystalware, Chinaware, Toys. The list is endless.

GLOPAC is your best Salesman

Whether it is Consumer Electronics or Kitchen Appliances, Glassware or any other consumer durables, your product is a winner. It is your business to make your consumers think the same way. Especially today, when you are neck deep in competition and only the fittest survive.

Packaging is a very important marketing tool. Attractive packaging commands attention and predisposes the customer favourably towards the quality of the product inside.

Displayed in shop windows and stacked on retail shelves it forms a very powerful Point-of-Purchase display. Far more effective than danglers, posters etc. which have a very short li and are dependent on the dealer for correct display.

Your present package only protects your product, GLOPAC al helps to sell it. IT IS YOUR BEST SALESMAN.

THE H M G GROUP

Boxfine Packaging Industries Pvt. Lt
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GLOPAC

Laminated Corrugated Packaging

Does not simply look good, it works hard for your product.

ONTENTS

5 to 18 September 1988

274

COVER FEATURE

40 Garden-Vareli

Designing success

The Garden-Vareli group has grown over the years into one of the more significant textile companies of the country. Its hallmark is the exquisite prints which have caught the eye of so many Indian women. Driven by the creative energies of chairman Praful Shah, the group is now all set to make large investments in the next three years

MUKARRAM BHAGAT

CORPORATE REPORTS

51 The Modis

The mess gets messier

The Modis have, it appears, come to the climax of their boardroom battles. K.N. Modi has been replaced as chairman of Modi Rubber

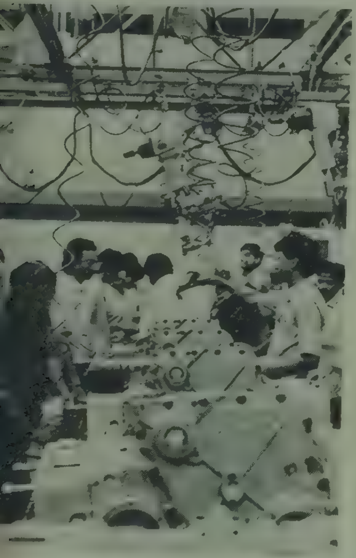
DILIP CHERIAN

61 Union Carbide India

Selling a white elephant

For more than two years, Union Carbide kept its Chembur plant in Bombay non-operational because of fears it would face another Bhopal. Now there are indications that it is close to getting rid of the plant

DILIP MAITRA



FEATURE

68 Kirloskar Group

The new inheritors

A few years ago, most corporate watchers had written off the Kirloskar group or atleast the possibility of its continuing as a family venture. In quick succession, death had snatched the entire second line of the family. Today in the hundredth year of the company's existence, the third generation of the family has firmly taken control of the group's companies which are once again turning out profits

BASUDEV DASS

FOCUS

83 Sharad Pawar

Pawar's Perestroika

Maharashtra's new chief minister has ambitious plans for the state. In the two months since he took over Sharad Pawar has announced a series of incentives which he hopes will attract new industry to the state again

N. RADHAKRISHNAN

33 CENTRE

There's nobody in North Block

DILIP CHERIAN

35 GOVERNMENT

Tweedledum and Tweedledumber

JASWANT SINGH

37 GUEST COLUMN

Pakistan at the crossroads

JASJIT SINGH

91 STATES

Kerala

Tamil Nadu

102 MANAGEMENT

Narcissus revisited

ANAND MAHINDRA

106 LABOUR

In lighter vein

E.A. RAMASWAMY

109 OVERSEAS

Good prospect for project exports

DILIP MAITRA

112 FOREIGN EXCHANGE

The dollar rises again

A DEALER

161 JOBWATCH

Which is the best paying industry?

ANITA RAMACHANDRAN

200 INTERVIEW

Y. Iwai, managing director of Orient Leasing

BASUDEV DASS

153	Books
14	Businessmen in the News
16	Business Notes
33	Centre
96	Column
129	Corporate Monitor
51	Corporate Reports
40	Cover Feature
149	Debentures
27	Economic Indices
29	Economic Outlook
163	Executive Ladder
68	Feature
83	Focus
112	Foreign Exchange
6	For Your Information
35	Government
37	Guest Column
115	International
200	Interview
150	Investor Contest
161	Job Watch
106	Labour
3	Letter from the publisher —
4	Letters to the editor
9	Listening Post
102	Management
139	Market News
166	National Executive Appointments
10	News and Events
109	Overseas
158	People
157	Professional Profile
164	Readers Service
91	States
142	Stock Markets
117	World Paper

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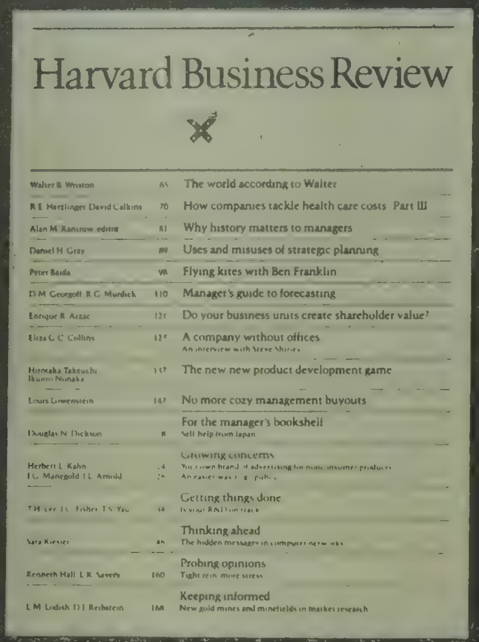

Harvard Business Review

Walter B Wriston	65	The world according to Walter
R E Herzlinger David Calkins	70	How companies tackle health care costs Part III
Alan M Kantrow editor	81	Why history matters to managers
Daniel H Gray	89	Uses and misuses of strategic planning
Peter Baida	98	Flying kites with Ben Franklin
D M Georgoff R G Murdick	110	Manager's guide to forecasting
Enrique R Arzac	121	Do your business units create shareholder value?
Eliza G C Collins	127	A company without offices An interview with Steve Shirley
Hirotaka Takeuchi Ikujiro Nonaka	137	The new new product development game
Louis Lowenstein	147	No more cozy management buyouts
Douglas N Dickson	8	For the manager's bookshelf Self help from Japan
Herbert L Kahn J G Maregold J L Arnold	24 28	Growing concerns Your own brand of advertising for nonconsumer products An easier way to go public
T H Lee J C Fisher T S Yau	34	Getting things done Is your R&D on track
Sara Kiesler	46	Thinking ahead The hidden messages in computer networks
Kenneth Hall L K Savery	160	Probing opinions Tight rein more stress
L M Lodish D J Reibstein	168	Keeping informed New gold mines and minefields in market research

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- *Get More Out of Your Trade Shows*
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- *What Makes Advertising Effective?*
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- *How to Get a Better Forecast*
- *Making Cost Controls Work*
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- *Zero Base Budgeting*
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- *Improve Your Profits Day by Day*
- *Make Overhead Cuts That Last*

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- *You're the Best Judge of Foreign Risks*
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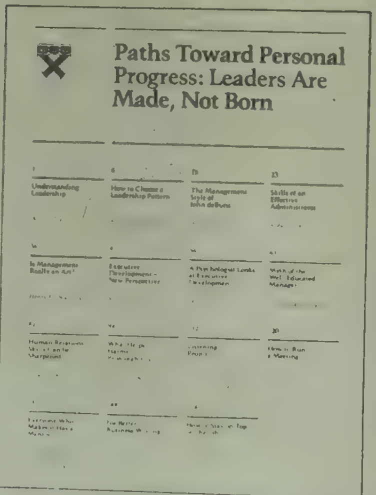

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LETTER FROM THE PUBLISHER

The Garden-Vareli group is a great success story in the field of textiles. Although established very long ago, it was not till the 80s that the group started growing dramatically. Since then it has jumped every year to achieve a terrific compound rate of growth.

All this was during the time that the textile industry was being written off as a 'sunset' industry. During this period almost all composite mills were bemoaning the fact that weaving was no longer viable in mill sector due to the relentless competition from the decentralised power loom sector, and also that processing was no longer a profitable business. Yet swimming entirely against this tide, Praful Shah and his team at Garden-Vareli put together the largest collection of modern water jet looms in the country. In fact, the quicker he grew, the more he added facilities in house to keep control.

What is more, unlike Reliance or Orkay, the company did not grow by entering into production of commodities like polyester fibre or yarn or ingredients such as PTA or DMT (though the company now has plans to do so).

This success holds interesting lessons for Indian industry. At the same time it highlights some weaknesses and failures.

Unfortunately, in India, industry as a whole has emphasised, above all acquisition of large fixed assets. And those who have done so have done extremely well financially. The institutional structure is geared to lending against assets. And the maximum tax and other incentives have been given for plant and machinery. Even when units have turned terminally, large profits are made from the sale of land and buildings.

As against this, no rewards are given for creating jobs. Or to those who build and utilise human skills. On the contrary the laws are weighted against creation of jobs. In a business downturn (which politicians and bureaucrats assume will never happen) it is extremely difficult to reorganise or retrench labour, even upon payment of generous settlements.

Garden-Vareli has however capitalised on those very real assets that our nation has in abundance, namely, human skills.

……

One of the problems associated with a fortnightly magazine, is that sometimes events overtake us after the bulk of the magazine has been put to bed. In this issue, changes at the centre were announced after our columns were printed. But much more importantly, and of vital importance to every newspaper or magazine in the country, the Lok Sabha, in an extraordinary rush, passed the Defamation Bill in just one day. Whatever the merits or demerits of the bill, it is difficult to understand this method of functioning in a democratic society. It unnecessarily raises doubts in the minds even of supporters of the government. Hopefully, in the coming issues we will have adequate opportunity to put the real issues to our readers.

Ashok H. Advani

• National Management Programme

We are extremely concerned about the distorted write-up by your special correspondent on IIM-Bangalore's approach to the National Management Programmes (11 July). When your correspondent came to meet us at the institute we made the following points to him.

- The basic concept of NMP is excellent. It will eventually lead to the development of an "Indian Manager"
- The first NMP, as envisaged, brings together some of the most talented management teachers in the country, which is bound to make it an extremely effective programme.
- The institute is interested in the programme and has the expertise and also an experienced faculty. However, some of the facilities need to be augmented.
- The institute is now engaged in a major faculty recruitment programme.
- At the moment there was no such NMP developed at IIM-B.

Your special correspondent mentions "some professors at IIM-B who obviously do not want to be quoted," but he did not think it appropriate or fair to quote any one of the six senior faculty members who met him. For example, he has quoted Dr. Vinod Vyasulu, who is in fact no more a faculty member of the institute.

A.K.RAO
Dean (Academic Programmes), IIM
Bangalore

Our correspondent replies: IIM-B's reaction to the NMP story shows that there is more to the happenings in IIM-B than meets the eye.

I sought an interview with J.Philip, director, on 29 June 1988, and not with people chosen by him to help him face my queries. There were other faculty members too at that time at the institute whom Philip did not care to call. Why?

IIM-B (or Philip) has charged me with choosing to quote Prof. Vinod Vyasulu, who is no longer at IIM-B. But Vyasulu was very much there when the story was filed. Moreover what is wrong in contacting a professor who has just quit?

IIM-B has claimed that the institute is well-equipped to conduct the second NMP course on infrastructure. But frustration is forcing IIM-B faculty members to quit. After Philip took over the directorship at IIM-B, 19 professors have resigned and four have retired. This was in a span of three years (1985-88). Of the 19 professors who resigned, at least 12 could have contributed directly to the second NMP course.

IIM-B stated that a major faculty recruitment move was on to add to its present strength. But in fact Philip told me that IIM-B would soon advertise in the newspapers for the vacant faculty positions. It has not yet done so. During 1986, Philip recruited six faculty members of whom three have already left.

IIM-B lacks a strong research base. The institute has not yet filled up 50 of the 54 positions in its research department. It is now clear that I was right in guarding my sources of information. The only person who consented to be quoted — Prof. S.Prasanna — has since been issued a memo.

The NMP has been criticised not only in *Business India* but also in other publications such as *The Economic Times*, *The Hindu*, etc.

• Two missing

In your snippet on the films produced in this country (For Your Information, 13 June), conspicuously absent are: Kannada, 55-60 films a year; Tamil, 80-90; Bengali, 10-15.

SHAMSUNDAR JIDGEKAR
Pune

• Reliance's sleight of hand

I am writing to express my extreme disappointment at the way you have allowed your magazine to be used to tout Reliance. Your issue of 8 August features the company on the cover story, conveniently timed to come out just around the time of the RPL issue.

Your publisher's letter skirts around the criticisms that are made of this company and Ambani by balancing these against his "achievements". And what, pray, are these supposed to be? He implemented his projects on time. We have only the word of the company, assiduously fed to the media over the years to vouch for this. The second accomplishment is supposed to be that he took good care of his shareholders. You have just stopped short of the claim which is sometimes made that Dhirubhai Ambani created the capital markets in India.

How much of the reported reserv Rs.840 crores in the parent compan Reliance Industries, have ever been earned? If you have any pretensions integrity in business journalism, you should have asked this question firs That would at once make clear that Ambani's claim of having served his shareholders is so much nonsense.

And what is the use of putting u plants on time if they cannot earn profits? Any profits that have been reported by the company have alwa been on trading account, some preferred monopoly, some juicy titb given to the company by the government. So this claim is also fatuous.

So the only remaining success th can be chalked up to the company's credit is that it has managed to rai an enormous amount of money from the public. This is the real Ambani magic.

R.SIDDHARTH
Bangalore

• SSIs in a jam

The high-handedness and arroganc multinationals and big industries towards small-scale industries is we known. The central government is g to bring in legislation to force the b industries to make payments to sm scale industries on time.

The attitude of the bankers towa small-scale industries is not at all helpful. They insist that if the credi facilities are more than Rs.10 lakhs small scale industries should submi fresh CSA forms every year and stic the second method of lending. If th do not comply or come under the second method of lending their exc borrowings will be charged an additional 2 per cent penal interest

It is not at all possible for small-scale industries to come under the second method of lending for the simple reason that they cannot rea their money within 30 or 60 days f the big and multinational compani from whom they get orders. They a not in a position to dictate terms t these companies for fear of losing business.

The chambers of commerce and t trade associations should take up t matter with the Reserve Bank, Indi Banks Association and also with

ernment officials to see that such
ef is granted to small-scale
ustries immediately.

K MACHADO
bay

dim future

ile fellow shareholders and I
gratulate Madhumita Bose for an
ellent and fairly unbiased report on
uncertainty in Bengal Lamps Ltd,
re are some grey areas on which she
ld have reported.

everal crores of rupees have been
ded by way of excise levy allegedly
issuing unsubstantiated service bills
lealers. If the statutory dues, not
ounted for in the balance sheet, are
en into account then, it must be
ed, the loss accumulated by Bengal
nps will increase from Rs.48.63 lakhs
over Rs.3 crores in the last year.

his is one unit the industry-gobbling
abrias are going to find painful to
llow. The outcome of the corporate
tle should be interesting, especially
e, despite Tapan Roy's declarations,
t of Bengal Lamps' shares are
ting in north and south India with
nds of former distributor Pokkardas
ohtak.

AHARI
tta

tention JBIMS alumni

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lse accusation

refers to your recent corporate
t on Dunlop India (8 August).
er the Chhabrias took over the
gement of Shaw Wallace in April
not a single senior executive has
he company. On the contrary, one
r executive who left the company
ejoined. Similarly, no senior
tives have left Mather and Platt
Hindustan Dorr-Oliver since the
oria takeover.

Orson, 11 executives including the
hile managing director are being
prosecuted for fraud and misappropriation. No company can ignore a concerted attempt to defraud its owners by professional managers, be it in India or overseas. A few others have left in the normal course. The Orson group has an executive strength of 400 and the executive turnover is not unusual. The company is gradually recovering from its earlier setback and is now poised for growth.

We fail to understand how you have referred to M.R.Chhabria as a corporate raider. All our takeovers have been negotiated with the full concurrence of the previous owners. We do not believe in destabilising professional managements and in all cases the existing managements have been left alone.

V.M.BALIGA
General Manager
(International Operations), Chhabria Group,
Bombay

• Clarification

In the cover story on Indo-Soviet trade (25 July), we quoted K.B. Lall, former commerce secretary and now head of the Indian Council for Research on International Economic Relations. Lall wishes to clarify that, in his opinion "the selling to the Soviets under the rupee trade cover helps the process of maturity of the Indian exporter and enables Indian industry to improve product quality. He likens the trading arrangements with the USSR to the infant industry argument and expects progress towards youthful vigour to gather speed and momentum."

• Whose job is it?

I would like to thank you and E.A. Ramaswamy for a good presentation about the lack of co-operation between personnel managers and line managers regarding labour management in big organisations (8 August). But the author has not suggested expert remedial measures.

I suggest that line managers (say, the head of a department) should be the disciplining authority. Separate discipline and training committees, should be formed in every department. The personnel manager along with technical/line managers should identify weaknesses in training/discipline and appropriate action should be taken immediately. Lack of interest in work arises when workers, are not given the right job, derive no job satisfaction, or find promotional channels blocked. There will be more indiscipline and absenteeism if workers come to know that line managers cannot take any action against them.

SIVARAMA K.GALI
Cuttack

• What Bajaj should do

This refers to the article on Kinetic Honda's advertising campaign (8 August). Bajaj and LML seem to be sore over the publication of Alpha Lap's test results, which favour Kinetic Honda.

Why doesn't Bajaj go to court and get a stay order so that Kinetic is prevented from advertising on the basis of the Alpha results? Further, why doesn't Bajaj conduct a 60,000 km test-run of 30 scooters (10 of each brand) and publish the results in full? Should there be any technical or legal problem, Bajaj can take the help of the Automotive Association, Pune. The cost of the exercise will be less than Rs.90 lakhs. Surely Bajaj can afford this amount!

But (and this is no small "but"), Bajaj should do this only if it can conduct this test honestly. And publication of the results in full should be binding on Bajaj, morally if not legally.

YOGENDRA JHA
Kanpur

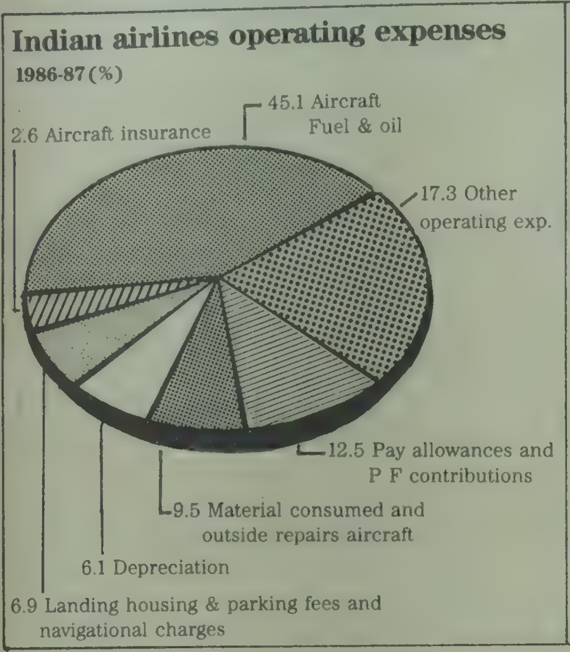
• Unlikely to succeed

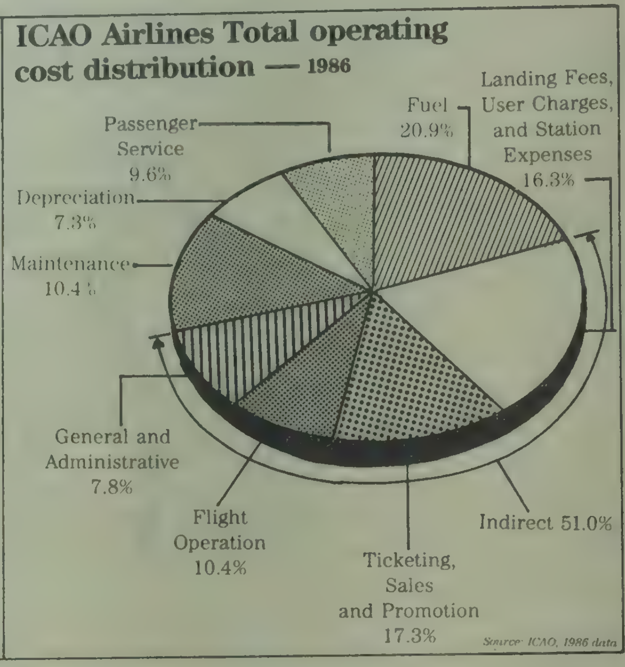
This is with reference to your business note on the five technology missions entrusted to Dr Sam Pitroda and his team (22 August).

Pitroda was no doubt smart enough to parry questions about the "politics behind the selection of areas to be designated as technology missions." However, I, for one (as an admirer of Pitroda's remarkable achievements in the US and in India), am profoundly disappointed to hear that he has not troubled himself to seek out and discover an adequate response to the "large structural and planning failures" that have been the single major cause of our extremely poor showing in all our societal missions since independence.

G.S. CHANDY
Bangalore

Operating costs of airlines





Source: ICAO, 1986 data

The Boeing Commercial Airplane Company has released data on the operating costs incurred by airlines belonging to the International Civil Aviation Organisation (ICAO). Expenditure on fuel, surprisingly, is only slightly more than the expenditure on ticketing, sales and promotion.

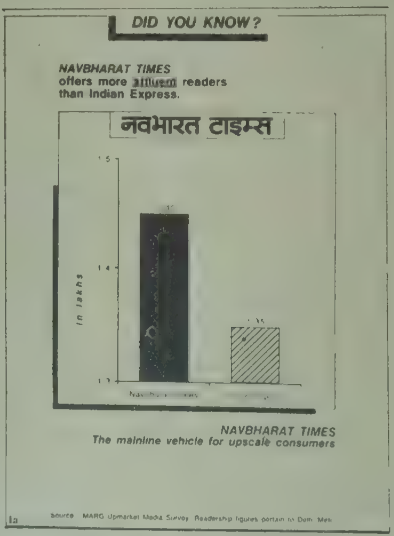
A comparison of the operating costs incurred by Air-India and Indian Airlines is revealing. Air-India's fuel and oil expenses at 26.7 per cent of operating costs is quite close to the international figure of 20.9 per cent. But Indian Airlines' fuel expenses form a whopping 45.1 per cent of its operating expenses, mainly because the price of aviation fuel in India is much higher than abroad.

Incidentally, total operating costs around the world are declining because of lower fuel prices, increased labour productivity and more efficient aeroplanes.

A. MOHANDAS, *Bombay*

Anything goes in newspaper wars

Technically, there seems to be nothing wrong with this *Navbharat Times* ad. But though it seems to be a statistic, it is grossly deceptive. The *Navbharat Times*, according to a MARG survey, has 1.45 lakh affluent readers while *Indian Express* has 1.35 lakhs. But plotted on a scale beginning from 1.3 lakhs, the graph gives the impression that the difference in proportion is 1:3, ie, a difference of 200 per cent. In fact, the *Navbharat Times* figure is only 11.11 per cent higher than the *Express* figure, as is apparent from a graph which plots the figures from a scale beginning from zero.



DID YOU KNOW?

NAVBHARAT TIMES
offers more affluent readers
than Indian Express.

नवभारत टाइम्स

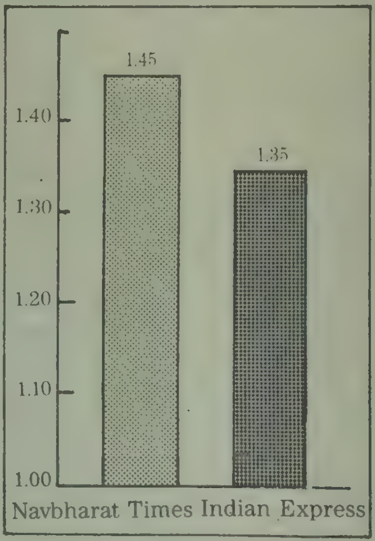
NAVBHARAT TIMES
The mainline vehicle for upscale consumers

Source MARG Upmarket Media Survey. Readership figures pertain to Delhi Metro

1.5
1.4
1.3
In lakhs

This difference, incidentally, is statistically insignificant, as is clear when one reads the small print which says that the readership figures are for Delhi Metro alone.

What may we expect next from the *Times of India* group? A photograph of a graph as seen under an electron microscope? Even a 0.1 per cent difference could then be made to appear phenomenal.



S. RAVIKIRAN, *Ghaziabad*

Enterprising discounting

New Delhi boasts of STD facilities in public call offices. The sleek-looking imported telephones have been installed at various main post offices and maj public call booths. While i a valuable facility for thos who do not possess a telephone connection, very little thought has gone int the planning of this facilit A visit to a booth at Easte Court Telegraph Office, Ne Delhi should be convincin evidence.

For long distance STD domestic calls, the pulse r is about two seconds whic means that every two seconds a one rupee coin has to be inserted. A one-minute call will cost abou Rs.30 to be paid in one rupee coins. A small shop has started a business of exchanging nine one-rupe coins for a ten rupee note

People normally do not carry such coins in such large quantities. When somebody goes to the pub booth to make a long distance telephone call, h does it out of necessity. A when he reaches the boot he needs one rupee coins desperately. Naturally he no option but to turn to t shopkeeper changing a te rupee note for nine rupee coins.

RAJAT WADHWANI, *New Delhi*

Business India invites readers to send original, unpublished contributio to this page. The snippe can be humorous, insightful, outrageous o simply, informative. Eac snippet must carry this coupon.

Rs.50 paid for each published contributio

ars overrunning he globe

the United States, there e 1.8 people per car, in the oviet Union the figure is 24, India 515 and in China 022. India and China have per cent of the world's opulation, but they own ly one-half of one per cent the world's automobiles. e congestion is so great in dustrialised nations that e automobile "has created ore distance than it ercomes".

Other telling side-effects of is four-wheeler explosion e depleted oil-reserves, paired human health, and degraded environment. Sao ulo, Mexico city and Cairo ve some of the worst llution problems. In lcutta, 60 per cent of the sidents are known to suffer om respiratory diseases ated to air pollution.

EKANAND V. KADAM, *Bangalore*

The Maegabyte song

Major corporations in Japan think nothing of a daily song and pledge ritual; it's very common. In India it is unheard of. Well, almost. Maegabyte Consultancy Ltd has its very own song and pledge sung every day at 10 am.

The Maegabyte flag is silver and gray,
In the blue sky we see it sway,
We proudly salute it night and day,
Whether we work or play,
Maegabyte, Maegabyte is all we say,
It's Maegabyte, Maegabyte all the way.
The Maegabyte song we are happy to sing,
Whether it's winter or spring,
Maegabyte is our heart and soul,
Maegabyte success is our goal,
Maegabyte, Maegabyte, is all we say
It's Maegabyte, Maegabyte all the way.

he how-to guide r Kerala

ou are one of those zany repreneurs who like a llenge, how about setting shop in the industrially thful state of Kerala. Your llenge will be managing r workers — Kerala is a derfully aggressive state and wading through a efield of bureaucratic tacles. But there are e plus points.

ou will receive an A to Z le to setting up a new iness in the state called "Entrepreneur's Guide" ght out by the Technical sultancy Cell of the State k of Travancore at andrum. It tells you what ness to set up, how to e up for financial and nical assistance, and to get all the licences may require. And all this nly Rs.40.

Newspapers for free, forever!

Making a break in the fiercely competitive newspaper market in Bombay is tough, unless you are willing to give your newspaper away free. That's what the *Indian Post* has decided to do. But what started as a marketing ploy has gone haywire.

Residents of the giant central government colony at Antop Hill in Bombay began receiving the *Indian Post* free. After two weeks they were invited to subscribe and also promised a discount of 20 paise per copy. But the *Indian Post* in a fit of generosity decided to continue raining down free copies on the area. So now the canny inhabitants have decided to stop subscribing to any paper until the Post's generosity is exhausted.

A corporate Methuselah

When Swedish Match, which is the major shareholder in Wimco Ltd in India, was taken over by Stora Kopparbergs Bergslag AB, it had the distinction of coming under the control of one of the oldest companies in the world.

Stora, at 700, is probably the oldest existing company in the world. There are no Indian companies which can match Stora in age. But there are some Indian families, with a tradition of entrepreneurship, which could come close. Arvind Lalbhai, head of the Lalbhai group, for instance, is a direct descendant of Shantidas, the famous jeweller to the Mughal emperors, Jehangir and Shah Jehan.

Robbers turn donors

For two young men who had come to rob an eye bank at a small town in Uttar Pradesh and stayed back to pledge their eyes, it was a lesson in love for their countrymen.

The two barged into the eye bank at Dhampur and asked Dr. H.C. Atrey to hand over the cash.

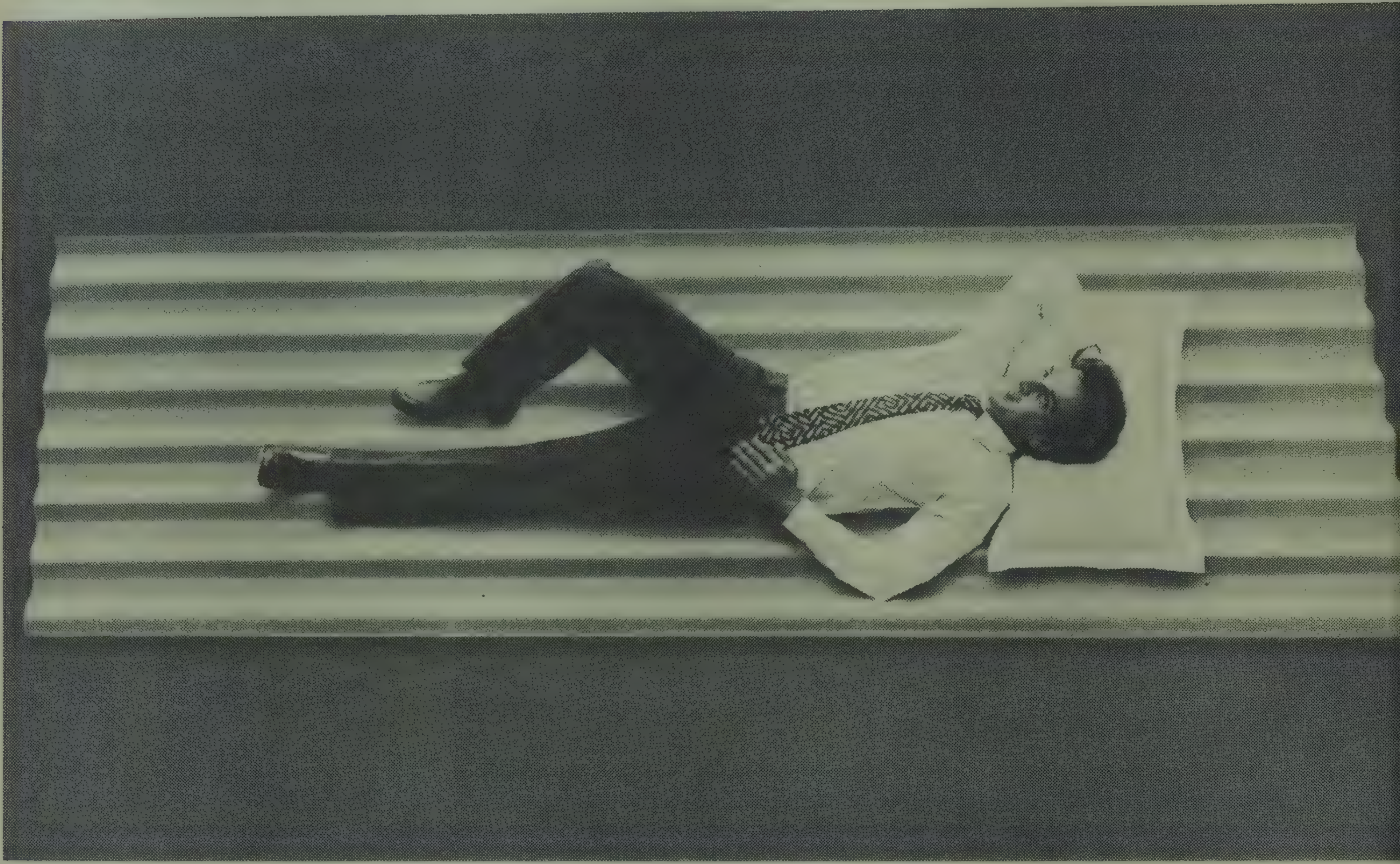
Unperturbed, the doctor told them it was a bank with a difference, one which helped restore sight to the blind.

The two put the pistols back into their pockets as Dr. Atrey told them about corneal opacity and transplantation.

Humanity won the day, as the two before leaving pledged to donate their eyes after death.

S. MADHAVAN, *Bombay*

FOR OVER 50 YEARS PEOPLE HAVE BEEN BUYING EVEREST ROOFING SHEETS FOR ONLY ONE REASON.



PEACE OF MIND.

An assurance that's inherent in our quality and service. Making every rupee you spend on your roofing, well spent.

No confusion. At the very start the technical service team recommends the right sheet and accessories. Helps in design and installation. Absolutely free.

No running around. Everest has the largest range of fibre cement products, for a complete roofing system. A nation-wide distribution network for instant delivery.

And a team of consultants for your specific design problems.

No doubts, either. Everest is the only name that is proven over 50 years.

With a "no compromise" policy that begins at the R&D Centre.

A specially developed fibre orientation technology that ensures unmatched strength and durability.

And testing standards higher than even ISI.

No wonder then, people at Godrej, Bajaj Auto, Goodyear, L&T, Kinetic Honda — the list is endless — prefer Everest.

People who have enough on their minds already.

EVEREST

FIBRE CEMENT PRODUCTS

50 YEARS
WITHOUT COMPROMIS

For discussions, contact: Everest Building Products Limited, 'Ashok Bhawan', 93, Nehru Place, New Delhi – 110 019. Tel — 643 2568, 643

Enterprise/T

epsi takes off

is quite clear now that the Pepsi deal s been finally cleared in Delhi.

The setting up of the new ministry of od processing industries, under Jagdish ler, signalled the government's seri- sness in pushing agro-based industries vards big growth.

The 42-crore Pepsi Cola project has en hanging fire for almost two years, d is being seen by many US companies a test of the Indian government's real entions. With certain modifications of original project, the deal has now en cleared.

t is reported that the government will ke a formal announcement at the time Rajiv Gandhi's visit to Punjab or just er the returns to Delhi.

u Pont takes a look India

e Ambanis and the Goenkas might on face competition from the world's rochemical heavyweight, Du Pont of US.

Vith the Reliance Petrochemicals pro- ts well on its way, the industry is obvi- ly the focus of a lot of attention. This Du Pont to look at the Indian market; company is reportedly thinking of ing up a 40 per cent subsidiary in the ntry. For the remaining 60 per cent Pont may not be on the look-out for partner in particular but may go to general public.

u Pont has so far only sold technolo- s to Indian companies (Reliance, pars etc). But it is in own right the est chemicals manufacturing com- y in the US. Its entry in India is bound ave a huge impact on the entire nicals trade.

nce Du Pont enters India, several r leading US companies at the top of Fortune 500 are bound to take a er look at India.

apars opt out of rosil?

umoured that the Thapars who con- bout 15 per cent of the shares in the sil Glass Works Ltd are divesting holdings in the company. (Incidentally the Thapars also have a glass company of their own, JG glass.) The largest shareholder in Borosil is Corning Glass Works of USA with 40 per cent of the equity. The Thapars are represented on the board by S.S. Lall and G. Mathnani.

It is not yet known who will replace the Thapars. So over the next few months Borosil will be a company to watch.

Good neighbours?

Own a property or manage it? This is a dilemma that managements of expanding hotel companies face from time to time. To make their presence felt in Hyderabad the Taj group of hotels has opted for the latter. The management of Indian Hotels Company (owners of the Taj chain) has decided to enter into a property service contract with Hotel Banjara Ltd, the company that owns what was once the only five-star hotel in Hyderabad, Banjara Hotel.

This decision comes after toying with the idea of constructing a hotel in Hyderabad for which land was acquired. Hotel Banjara, largely owned by R.S. Agarwal, one of the largest cigarette dealers of ITC, was being managed by Indotel Ltd, a hotel management company that Ajit Haksar started after retiring as chairman of ITC.

Since the Banjara is located near the spanking new Krishna Oberoi, Hyderabad, the Taj and the Oberoi chain are neighbours once again.

A new old car

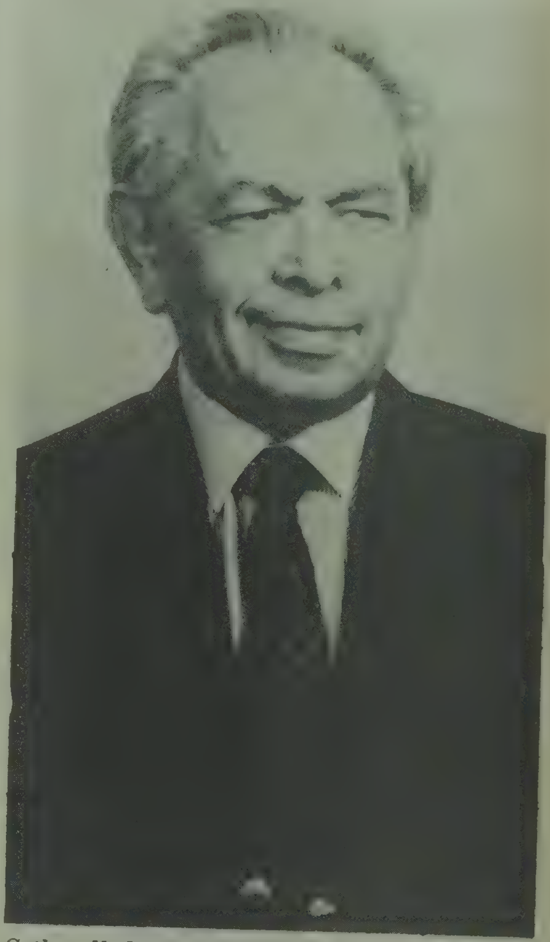
Premier has been widely advertising that its Premier Padmini, the cheapest car on the road today is available off the shelf.

It wasn't too long ago that there used to be a waiting period (at one stage, more than 10 years) for this car that has been around for over 20 years.

To remain competitive, Premier has reportedly tied up with its sister company, Walchandnagar to fit the Premier Padmini with a diesel engine.

Walchandnagar has a tie-up with SNM of Italy for the engine.

Already the favourite amongst Bombay's taxi drivers, and with diesel selling at less than half the cost of petrol (thanks to the tax structure), the car should have many takers. And the price — only about Rs.15,000 more than the petrol model.



Seth: all doors lead to DCM

Darbari tries DCM's back door

As the management of the ailing DCM continues to debate over the proposal to sell off the company's prized 1,100-acre Kota complex (cement, fertilisers, PVC and rayon), at least one of the bidders appears to be running out of patience.

Darbari Seth, who is said to have offered Rs.145 crores for the Kota unit some time ago, has reportedly started picking up a significant stake in the company's Rs.23-crore equity, over the past few weeks.

Seth started collecting DCM's equity when the Industrial Development Bank of India and the other financial institutions began to offload portions of their holdings collectively estimated at about 30 per cent of the total equity. Computed at current market price, Seth's investment so far in DCM should be about Rs.5.65 crores. Which is a drop in the ocean for someone who runs what is financially the most liquid group of companies in the house of Tata — Tata Chemicals, Rallis and Tata Tea with combined reserves and surpluses of over Rs.118 crores.

NDDB launches new oil packs

The National Dairy Development Board (NDDB), the organisation that pioneered Operation Flood, had launched a similar operation in vegetable oil in 1979. It was aimed at organising vegetable oilseed producers into co-operatives which would run their own modern oil-crushing and refining mills. Today there are seven state co-operative oil federations having under them over 3,300 village societies, covering more than 16,000 villages with a farmer membership of 430,000. They have set up oilseed-crushing and refining mills at ten places, and another ten mills are being set up.

Some of these state federations have marketed oil in big tins but only 6 per cent of the total market is covered by consumer packs. The NDDB has therefore decided to launch consumer marketing of vegetable oil in convenient, tamperproof tetrapacks in the country's principal cities beginning with Delhi and Calcutta. The first product to be launched in consumer packs is Dhara, a 100 per cent pure refined vegetable oil.

Mitsui to pay compensation

The Collector of Raigad has ordered Mitsui, one of Japan's largest multinational corporations, to pay a compensation of Rs.1.53 crores for illegal extraction of sand, off the Nhava Sheva beach near Bombay.

Mitsui has been charged with excavating sand from the beach during the period June 1987 to January 1988 without obtaining the prior permission of the collector.

In spite of being served notice on 18 February and again on 8 March 1988, the company did not pay royalty for the unauthorised use of sand. The Collector, Rajiv Aggarwal, then served notice on the company ordering it to pay royalty of Rs.72 lakhs and a penalty of Rs.76 lakhs under section 48 (7) of the Maharashtra Land Revenue Code.

BEL to increase capacity for colour tube manufacture

BEL's expansion plan, which envisages increasing colour picture tube (CPT) manufacture from six lakh tubes to one million tubes, has been cleared by the Electronics Commission. It is now expected to cost Rs.70 crores as against the earlier estimate of Rs.49 crores. The company is confident of executing the project entirely with in-house technology.

BEL is also planning to acquire an equity stake in the Vizag-based Marine and Communication Equipment (MACE) Company which manufactures products analogous to BEL's line of production.

BEL is also negotiating with Control Data Corporation (CDC) of the US for setting up a new project to produce computer peripherals; this is part of the overall expansion of its consumer electronics production.

One more TV launched

The country's 164th television manufacturing company has just been born. The new company, named Aims Engineering Projects (I) Pvt Ltd, has launched two models — one colour and one B&W — in Maharashtra and the southern states in the last week of August 1988. The sets are being marketed under the brand name "Genesis".

Aims Engineering is part of a group engaged in trading (textiles and chemicals), production (pharmaceuticals), and real estate development for 50 years. According to Praful Rokadia, managing director and head of the group, the combined turnover of the group's companies is in the range of Rs.15 to Rs.20 crores per year.

Lintas wins another Clio

Lintas India has won another Clio for "Safety Helmet", a public service television spot that dramatises the need for motorbike and scooter riders to wear crash helmets. It is the
Indian entry to have won a
this year.

The 30-second award-
ning spot was producec
house on video by Lintas.
ten by Adi Pocha and dire
by Porus Kateli, it was su
vised by Alyque Padamsee.

IDBI launches thir DM issue

The Industrial Bank of I
(IDBI) has launched a pu
bond issue of DM 250 mi
(Rs.187 crores) in the Ger
capital market on 16 Au
1988. Dresdner Bank
tiengesellschaft, Frankfurt
ted as lead manager and
other banks co-managed
issue.

The bonds, guaranteed by
government of India, were
sued at 100.25 per cent
carry a coupon rate of 6.625
cent, with a maturity of 7 ye

The present DM bond iss
the third one made by IDI
the West German market;
proceeds will be used for m
ing the foreign currency
quirements of indust
concerns. With the pre

Lintas wins another Clio: Alyque Padamsee with Adi Pocha and Porus Kateli

d issue, IDBI has raised ag-
gate commercial borrowings
various foreign currencies
ivalent to US $ 1187 million.

FC, Assam vernment explore eas of co-operation

hree-member team led by
. Kalita, minister of state for
ustries, government of As-
paid a two-day visit last
nth to Gujarat State Fertil-
s Co Ltd (GSFC) to explore
s of collaboration between
Assam government and
C for development of indus-
s and to identify outlets in
arat for products from As-
. The ministerial visit was a
el to an earlier visit by six
epreneurs from Assam who
trained at GSFC to estab-
different small projects
ed on nylon-6 and melamine
ssam.

uring discussions, it was
gested that a nylon-6 based
ti-layer film unit and a bi-
lly oriented nylon film unit
d be set up in Assam. Both
s of film are used to pack
vanaspati and other food
ucts as well as petroleum
The estimated investment
hese two projects is around
crores and Rs.3 crores re-
ively.

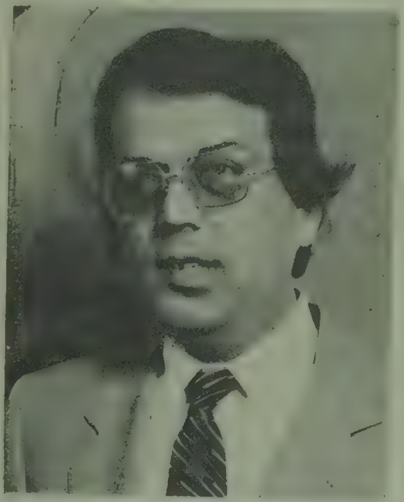
a Davy plan red

Board for Industrial and
ncial Reconstruction
) has cleared Tata Davy's
5-crore revival package.
total amount, the Davy
of UK and the Tata group
ontribute Rs.2.25 crores
while the remainder will
from banks and financial
tions.

Davy's accumulated
at the end of the year
March 1988, totalled
4 crores against Rs.7.05
in the previous year. The
ny's income dropped to
5 crores from Rs.34.2
in 1986-87 and after pro-
Rs.8.42 crores for depreciation the loss before tax stood at Rs.3.44 crores.

Addressing shareholders at the company's annual general meeting, chairman K.C. Mehra attributed the poor performance of the company to adverse market conditions. Fewer projects, he said, had been taken up during the year and some of the earlier projects too had not been profitable.

Chhabria signs joint-sector agreements



Manu Chhabria: Teaming up with GIIC

The Chhabria group has joined hands with Gujarat Industrial Investment Corporation (GIIC) to set up a project to manufacture various grades of methanol.

In the course of his one-day visit to Ahmedabad, M.R. Chhabria, chairman of the Chhabria group of companies signed a memorandum of understanding (MOU) with S.K. Shelat, managing director of GIIC.

Chhabria also signed two other memoranda of understanding — one with Gujarat Alkalies and Chemicals Ltd, for the manufacture of secondary alkyl sulphonates (SAS) and the other with Gujarat Communication and Electronics Ltd to participate in Gujarat Data Electronics.

The total investment in these projects would be more than Rs.100 crores. GIIC and the Chhabria group will work together to develop various grades of methanol, which are used for blending petrol to reduce both petrol consumption and pollution.

In Himachal Pradesh, P.K. Sandell, managing director of New Video Limited signed an agreement, on behalf of the Chhabria group with the state government for setting up a plant by 1989 to manufacture 1 lakh cordless telephones as well as paging equipment. The new unit will be located in Shimla at the new electronics industrial estate being promoted by the state government.

Postal deposit scheme limits hiked

The government has raised the limits on amounts to be deposited under the post office monthly income account scheme.

For a single account, the limit has been raised from Rs.1 lakh to Rs.2 lakhs and for a joint account from Rs.2 lakhs to Rs.4 lakhs.

Interest at the rate of 12 per cent is paid monthly to the depositor.

Fertiliser prices to be redesigned

In an attempt to achieve a growth rate of 10 per cent in the use of plant nutrients, a high-powered committee has recommended the redesigning of consumer fertiliser prices.

The committee, headed by G.V.K. Rao, a former member of the Planning Commission, warns that abolition of the fertiliser subsidy or a substantial reduction is fraught with serious consequences.

The 14-member committee was appointed by the government to recommend various parameters which should govern the fertiliser pricing policy, and suggest among other things, a minimum cost benefit ratio which will induce farmers to use more fertilisers.

Looking at the large potential of rainfed areas for increasing agricultural production by using fertilisers, the committee feels that a massive national project should be launched for promoting fertiliser use in unirrigated areas. The committee is also of the view that small traders, particularly in villages, should be encouraged to take up fertiliser dealerships to reach a large number of farmers in remote and difficult areas.

Assocham for national environment policy

The Associated Chambers of Commerce and Industry of India (Assocham), in a background paper on environmental legislation and industrial development, has called for a national environmental policy.

In order to ensure a clean and healthy environment through pollution control measures without adversely affecting industrial production, Assocham has suggested a review of the existing environment legislation in certain areas through constructive dialogue between industry representatives, policy makers and experts.

For faster development and better compliance with pollution control rules Assocham has also suggested supportive measures. According to Assocham, the role of pollution control boards should be one of finding solutions at an economically viable cost in consultation with the concerned industry instead of being only a penalising authority.

The new look phone book

The 1988 telephone directory with a snazzy new look is out, albeit late. The most significant addition is the yellow pages. This year the contract for bringing out the phone book was awarded to United Database (India) Pvt Ltd (UDI), a subsidiary company of United India Periodicals (UIP). A national tender was floated; among the bidders was Tata Press which had brought out the directory in the past. G.V. Kumar, regional manager, UDI, feels they were awarded the five-year renewable contract over the other contenders on two counts — shorter delivery schedules and higher royalty. The royalty to be paid to MTNL is Rs.20 crores over a period of five years. The income received on the yellow pages is to be kept by UDI. "This year the directory set is expected to go out to over 700,000 subscribers.

The cost of manufacture of the directory is between Rs.80 and Rs.120. MTNL charges only Rs.25 per set. "Since this is a commercial venture I would not like to comment on who is bearing the cost," says Kumar. It is learnt, however, that both MTNL and UDI are sharing the cost though the proportions are not known.

MTNL plans to involve private sector

In a major departure from past practice, the telecommunication sector will be open to the private sector so far as in the implementation of its modernisation and expansion plans is concerned. This was stated by M.C. Venkatram, chief general manager of the Mahanagar Telephone Nigam Ltd (MTNL) at a meeting of the National Alliance of Young Entrepreneurs.

The Nigam plans to invest Rs.1,300 crores before 1990 and a further Rs.4,000 crores before 1995. In this context Venkatram said the private sector could have a major role in supplying the necessary equipment and services. For this the Nigam was ready to interact with potential suppliers to provide their information and know-how.

Venkatram: private sector participation welcome

Broadbanding extended to non-Appendix I items

As part of its ongoing liberalisation policy the Union government has allowed MRTP/FERA companies to take advantage of broadbanding even for items which are not included in Appendix I.

As regards the combination of the broadbanding facility and the minimum economic capacity scheme (MES), the MES will be permitted only for items for which a company holds a licence prior to the application for broadbanding. In other words, MES will not be allowed for any item which gets included in the licence as a result of the broadbanding.

PM rejects white paper on public sector

It has been learnt that the prime minister has rejected a diluted version of the white paper on the public sector prepared by a specially constituted group of ministers.

The group included the industry minister, J. Vengala Rao; the commerce minister, Dinesh Singh; and the former minister for human resources development, P.V. Narasimha Rao. The group was constituted to formulate a "universally acceptable" version of the white paper which contained proposals for restructuring the public sector units.

It was expected that the draft prepared by the group of ministers would be further elaborated and that a detailed paper would be presented to Parliament during the current session. The original white paper, prepared by Abid Hussain, member of the Planning Commission, had suggested radical restructuring of the public sector enterprises, including even partial privatisation.

The original proposals of the Abid Hussain paper were submitted for further scrutiny and modifications by a new group headed by the chairman of Steel Authority of India, V. Krishnamurthy.

IDBI disbursements up by 18 per cent

The value of loans sanctioned by the Industrial Development Bank of India (IDBI) increased by 18.2 per cent to Rs.5,732.7 crores in the year ended June 1988 from Rs.4,849.7 crores in the previous year. This is a smaller increase than that registered by the Industrial Credit and Investment Corporation of India (ICICI). Aggregate disbursements of the ICICI during the year increased by 22.8 per cent to Rs.4,005.8 crores from Rs.3,263.4 crores in the previous year.

MEDC seminar on foreign collaboration

Inaugurating a seminar on "Foreign Collaboration in India — Challenges and Opportunities" organised by the Maharashtra Economic Development Council (MEDC) in Bombay, M. Arunachalam, union minister of state for industrial development, said that the government is planning to set up a technological data bank in consultation with the Directorate-General of Technical Development (DGTD) disseminating informatior both private and public se industries.

B.R. Sule, president of ME expressed appreciation at numerous opportunities for eign collaboration as a resu liberalisation but said that labyrinth of bureaucratic cedures and legislation had to be overcome.

Dr. G. Krueger, executive rector of the Indo-Gerr Chamber of Commerce, sp of the importance of finding right kind of foreign part and the need to overcome basic hurdles —competit from other Indian entre neurs seeking similar collab tion, and getting the backin a foreign company to inves India.

Enzymes for jute to be commercially manufactured

The Indian Jute Industries search Association (IJI proposes to set up a Rs.20-l project to produce enzy and bio-modification age for starch used in soften jute fibre. IJIRA has alre developed the process for ducing such enzymes agents and will take up c mercial production. Accord to Dr.S.R. Ranganath director of IJIRA, a 100-ton per day unit will be set up land belonging to Kinni unit — one of the six natior ised jute mills in the count Machinery and equipment the project will be supplied the Central Food & Techn gy Research Institute, Myso

Incentives likely fo food processing

Inaugurating a seminar "food processing and marke scenario" in Delhi, Jag Tytler, minister for food cessing industry, said that ministry had been given t months to draw up a p framework for the indu owever, the work has already een completed — in two onths — and the policy is ady to be announced.

The minister hinted at var- is incentives which are to be part of the policy to boost the industry. Among these is the possibility of the industry being placed in Appendix-I enabling the entry of large houses into the sector. Term finance and working capital at lower interest rates and subsidies are among the other incentives being contemplated.

The list of steps recommended in the policy paper also includes putting certain items under OGL, import of good quality hybrid seeds, tapping of foreign aid for investment in the sector and promotion of large co-operatives.

IARY

DATE	SUBJECT	ORGANISER	VENUE
9-10 Sept	**Effective Teamwork and Team Building**	Centre for Organisational and Professional Excellence, Madras (Tel: 415107)	Hotel Park Sheraton, Madras
10 Sept	**Export Procedures/Documentation**	Creative Communication and Management Centre, 2nd Floor, Raja Bahadur Mansion, Bombay 400 023 (Tel: 273006)	Hotel Park Sheraton, Madras
10 Sept	**Labour Laws, Industrial Relations, Disciplinary Actions and Wage Negotiations**	Indo-American Society, Kitab Mahal, 5, D. Sukhadwala Marg, Fort, Bombay 400 001 (Tel: 2044882/83)	Indo-American Society, Bombay
12-13 Sept	**Productivity and Supervisory Effectiveness**	Modern Management Systems, 8-B Lal Bazar Street 3rd Floor, Calcutta 700 001 (Tel: 206177/285911)	Great Eastern Hotel, Calcutta
12-13 Sept	**Indirect Taxes and MM**	Indian Institute of Materials Management, 205-A, Arun Chambers, Tardeo, Bombay 400 034 (Tel: 4948854)	Hotel Oberoi Towers, Bombay
13-16 Sept	**Computers in District Administration**	CMC Ltd, 115 Sarojini Devi Road, Secunderabad (Tel: 822366)	Hyderabad
17-18 Sept	**Just in Time (The Revolutionary Japanese Production System)**	Madras Management Association, 69, Nungambakkam High Road, Madras 600 034 (Tel: 475800, 478311)	Hotel Trident, Madras
19-21 Sept	**Computers in Personnel Management**	CMC Limited, 28, Carnac Street, Calcutta (Tel: 444845)	Calcutta
19-21 Sept	**Maintenance Management and Systems**	National Productivity Council, Novelty Chambers, Grant Road, Bombay 400 007 (Tel: 371322/23)	Hotel Fariyas, Bombay
19-22 Sept	**Quantitative Risk Assessment**	National Productivity Council, Utpadakta Bhawan, Lodi Road, New Delhi 110 003	Madras
20 Sept	**Personality Development**	Indo-American Society, Kitab Mahal, 5, D. Sukhadwala Marg, Fort, Bombay 400 001 (Tel: 2044882/83)	Indo-American Society, Bombay
23-24 Sept	**Import Policy and Related Customs Procedures**	Creative Communication and Management Centre, 2nd Floor, Raja Bahadur Mansion, 8 Ambalal Doshi Marg, Bombay 400 023 (Tel: 273006)	Meghdoot Hotel, Kanpur
5 Sept-8 Oct	**Seventh Advanced Management Programme**	International Management Institute, B-31/B Kailash Colony, New Delhi 110 048	Clarks Avadh, Lucknow
6-27 Sept	**A Computerised Approach to Specific Energy Management Problems**	Training Institute for Productivity and Industrial Engineering, 12, Mamkeswari Road, Kilpauk, Madras 600 010 (Tel: 666191, 663370)	Hotel Maurya Sheraton, Delhi
-7 Oct	**Security, Reliability and Maintainability in Software Environment**	CMC Limited, Secunderabad (Tel: 822366)	Secunderabad

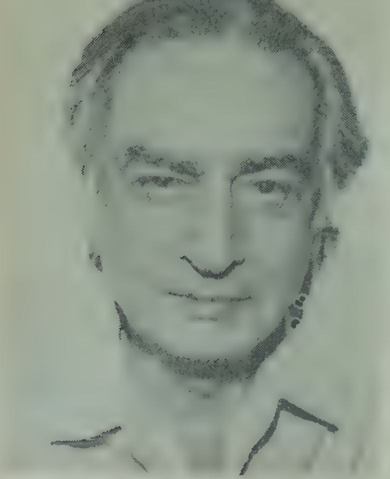
K. K. HITKARI

The 60-year-old Hitkari group (gross turnover Rs.30 crores), which has two well-known companies, Hitkari Potteries (a leading pottery manufacturer) and Hitkari Multifibres (largest manufacturer of filter rods for cigarettes), is setting up a new project for the manufacture of non-woven fabrics in Raigad district, Maharashtra.

The new company, Hitkari Fibre, is being set up at a cost of Rs.7.80 crores with an equity capital of Rs.2.70 crores. The company will soon make a public issue of 850,000 equity shares of Rs.10 each at par, aggregating Rs.85 lakhs.

K.K. Hitkari, managing director of the company says the plant will operate from September 1988. "Non-woven fabrics are new in India. In these fabrics, fibre webs are held together through cohesive interlacing and bonded together either by a mechanical or thermal process or by chemical agents," says Hitkari. Company will produce carpets, blankets, wall coverings and upholstery.

Hitkari Fibre's plant has a capacity to produce 1,500 tonnes of non-woven fabrics at full capacity equivalent to total sales of Rs.22-25 crores per annum. According to Hitkari, the greatest advantage of the non-woven process is that the rate of output is much higher. The product is therefore nearly 40 to 50 per cent cheaper than the conventional product.



KAMINENI SURYANARAYANA

Oil Country Tubular Ltd (OCTL) is setting up a Rs.55-crore project in the Nalgonda district in Andhra Pradesh for the manufacture of drill pipes, production tubing and casing pipes used in oil exploration. The present requirements of ONGC and Oil India Limited (OIL) are met through imports. According to OCTL's promoter, Kamineni Suryanarayana, supplies made by OCTL to ONGC and OIL will be "deemed exports".

The project is being set up in technical and financial collaboration with Baker Tubular Services Inc, USA. The project, with an annual capacity of 50,000 tonnes, is in an advanced stage of implementation and part of the plant is slated for commissioning in September 1988. Commercial production is expected to begin in April 1989.

ONGC and OIL together require 150,000 tonnes of drill pipes, production tubing and casing pipes every year. To this extent, OCTL will have a ready market and, in fact, will have to undertake an expansion programme, as soon as it commences production. Since the project is the first of its kind in the entire Indian sub-continent, it has high export potential.

Suryanarayana says that trade enquiries from the Soviet Union have been received; the Russians, he says, have offered to underwrite the entire production of OCTL.

T. PANDURANGA RAO

The new chief general manager, Bengal Circle, of the State Bank of India, recently announced several plans for the bank's growth in the eastern region. A major thrust would be to provide significant impetus to the small scale sector which has been largely neglected so far. Says Rao, "We have a commercial branch to look after big industry, an overseas branch to look after international banking and provision for agricultural finance — the only thing lacking is a branch for the small scale sector to make our functions complete."

SBI is therefore setting up a new branch in Calcutta which will cater exclusively to the various requirements of the small scale sector. These include project evaluation, clearance, technical advice and financing services — which will all be handled under a single roof, with a minimum of delay. "Earlier, the entire system was like a polyclinic; today there is a need for more specialised services," says Rao. The immediate need is to help struggling units set up a firm base and activate the small scale sector — particularly the forging and casting units. SBI will also make arrangements for the supply of pig iron to these units.

HARDEEP SINGH

With effect from 1 August 1988, Polar International Ltd has implemented a new customer benefit scheme. Described as a "sensible, uniform pricing scheme" it gives customers an idea of the kind of product he should get at a certain price.

Says Hardeep Singh, executive director of the company, who devised this scheme, "It was initiated almost solely for the benefit of the down-market or rural customer — the target segment for any fan company. Sales tax on fans varies from state to state and most consumers do not know what
price of a product should
Under the MRTP we can reco
mend the maximum sell
price, and the tax is usually
posed afterwards. In sm
towns, dealers have a tende
to exploit customers, so pri
there are often about 10
cent higher than in big town

Claims Singh, "We are bre
ing up the tax structure o
statewise basis and doing a
with bogus customer discou
as well as heavy dealer
counts. By giving the dealer
to 5 per cent margin, and
claring the correct maxim
recommended price and
rate of taxes — the custor
will get the product at a
price and also know that i
the correct price."

MAHESH B. SHAH

Royal Cushion Vinyl Produ
(RCVP) Pvt Ltd has j
launched a new series of cu
ion vinyl flooring — Transit.
ter successfully capturing
large part of the domestic m
ket under the brand name Ro
House, Mahesh B. Shah, man
ing director, says they are r
ready for commercial insti
tions where their flooring w
its unique features sho
prove to be a boon. "Our flo
ing has almost no fillers an
made completely out of P
which ensures maximum fl
ibility -- a concept unheard o
India till now. Set up in tech
cal collaboration with Gerla
of France and with machin
imported from West Germa

e are abreast with the latest
novations in the world."
With a production capacity of
million linear metres, RCVP
as commenced production
th 100,000 square metres per
onth. Says Shah, "Our prices
e slightly higher than those
evailing in the market today,
it we hope to sell our product
ot on the basis of cost, but on
s application." Their acousti-
oring (one of the products of

e Transit range) has an in-
ilt foam backing which re-
ces the noise level to 65 db --
st about audible to the human
r. Shah explains that "in hos-
als, where reducing noise is a
ist, this will be very useful."
Non-porosity and joint fusion
some of the other advan-
es of this new range of floor-
. "We have already secured
ge contracts in India and
e started exporting to
ssia," adds Shah.

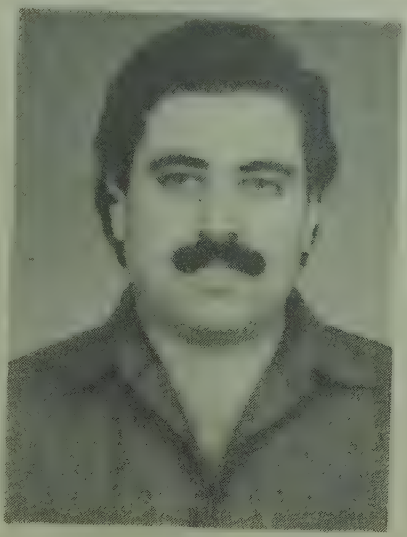
M.B. RAJU

Polyesters Ltd (DCLP),
noted by Deccan Cements
DCL Finance Ltd and the
e Industrial Investment
poration of Maharashtra
OM), has the distinction of
the first private sector
ect in India to which the
n Development Bank
B) has extended equity and
assistance. ADB has in-
d the equivalent of Rs.3.90
s in equity and Rs.20.34
s in the form of loan capi-
ccording to DCLP manag-
irector, Manthana Bangar Raju.

The Rs.128-crore project, located at Mouda, 35 km from Nagpur in Maharashtra, envisages the manufacture of partially-oriented polyester filament yarn (PFY). The plant is to have an installed capacity of 15,000 tonnes per annum (tpa), the minimum economic scale stipulated by the government of India. The project has the technical collaboration of EMS-Inventa AG of Switzerland, who are world leaders in the PFY industry.

Raju is confident that the project will go on stream on schedule by December 1989. He also claims that DCLP will be in a position to compete successfully with the existing PFY industries in the country, which include Reliance, Petrofils, JK Synthetics, Orkay Mills and Century Enka. Though the production of PFY has grown from a level of 11,000 tonnes in 1980-81 to 105,000 tonnes in 1987-88, the demand has similarly grown from 35,000 tonnes to over 100,000 tonnes.

For the first time in 1987-88, production exceeded demand and so the industry was permitted to export 5,000 tonnes of PFY. The capacity has grown from 31,000 tpa in 1980-81 to 67,000 tpa in 1987-88. The demand for PFY is estimated at 125,000 tonnes as against the targeted production of 130,000 tonnes. However, in 1989-90, demand at 150,000 tonnes will exceed the production level of 140,000 tonnes. Hence, DCLP should have a ready market for its product.



RAKESH BAKSHI

"Vestas RRB India Limited, a joint venture in collaboration with Vestas of Denmark, will be set up in Tamil Nadu for the manufacture of wind-powered electric generators," says Rakesh Bakshi, managing director of the company. Though the funding pattern has not been finalised, indications are that the Vestas group of Denmark will take up 25 per cent of the equity of this Rs.10-crore project, which is scheduled to go on stream within 12 months. The RRB group has already installed and commissioned 52 such wind electric generators in Gujarat, Maharashtra, Tamil Nadu, Orissa and Madhya Pradesh, with a total installed capacity of 4,000 kW.

"Binny Engineering Limited (BEL) will supply more than 60 per cent of the critical components for the generators, valued at Rs.6 lakhs every year," says Bakshi. According to the present agreement, BEL will supply these components for 20 years. "About 80 per cent of production will be indigenised by the second year of production," says Bakshi.

"The unit will initially produce 50 generators; this will later be increased to 100 sets of 100 or 200 kW per annum," explains Bakshi. Though the exact location of the new venture has not been finalised, there is a possibility that it may be located within BEL's premises at Meenambakkam.

MEHDI ALISTER

The computer software industry is booming and India is poised to play a key role in the development of sophisticated software, according to Mehdi Alister, president, The Technology Group Inc, USA.

The Technology Group is basically a marketing consulting company which serves the US computer industry. "Our clients are major US corporations like Digital, IBM, AT&T, among many others, and we serve them all over the globe through our affiliated international offices," says Alister.

According to Alister only two countries so far have been able to sell computer software to American companies with some measure of success; India and the Republic of Ireland. Says Alister, "Even though Indian software is good and compares with the best in the world, Indian companies do not possess the marketing network that is very essential for success in the US. The end-user is getting smarter and the product life cycle is getting shorter; therefore marketing will be the key to success."

Alister is of the opinion that Indian software has to be at least 30 per cent cheaper. But, after confidence is built up over the years, the margin could drop to between 10 and 15 per cent.

The Technology Group has tied up with Anand and Associates, a consulting firm in India

INDIA GROWTH FUND

Curtailed ambitions

It was expected to be a cakewalk. Weeks before the India Growth Fund, the second offshore mutual fund launched by the Unit Trust of India (and the first in the US), opened for public subscription in mid-August, the response was overwhelming. The $100 million fund lead-managed by the formidable combination of Merrill Lynch, the largest US brokerage house, and Nomura Securities, the largest Japanese brokerage house, received informal commitments of $126 million from institutions as well as America's thriving NRI community. However, these commitments evaporated as the opening day approached and UTI had to take the extreme measure of scaling down its size from $100 million to $60 million. The India Growth Fund was fully subscribed but not before having raised a lot of controversy.

Major setback. What went wrong? Newspaper reports have alleged that the poor response to the fund was a major setback to India's credit rating in world financial markets, that the fund's lead managers had grossly "mismanaged" the issue and that it would now be difficult to launch similar offshore funds, at least in the near future.

In a characteristic manner, senior officials of the Unit Trust of India have preferred to be tight-lipped about what is uncharitably being referred to as the "India Growth Fund fiasco". Had UTI officials been more forthcoming, a more objective assessment would undoubtedly have emerged in the press.

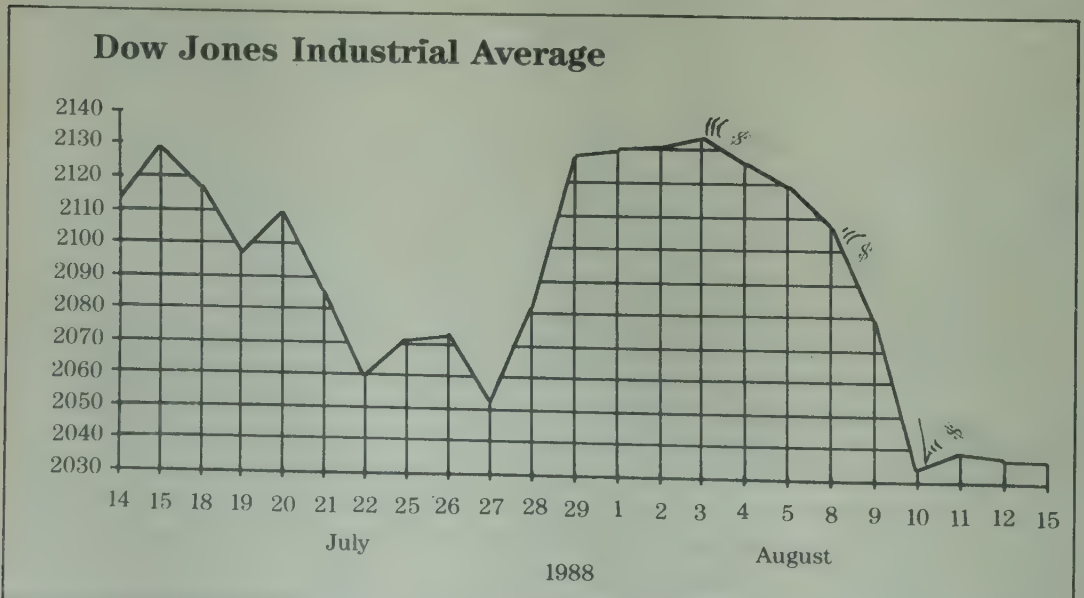
From available indications the poor response to the India Growth Fund was mainly due to unlucky timing, not "bad timing" as suggested by industry insiders. In April 1988, Merrill Lynch dispatched its Asia-Pacific region economist, Sanjoy Chowdhury, to get a feel of the Indian economy and indicate whether the time was ripe for launching the second offshore fund, this time in the US. Merrill Lynch was associated with UTI in the launch of the UK-based India Fund in September 1986. The £75 million fund was highly successful and even today consistently outperforms the stockmarket indices. Merrill Lynch's growing interest in India is also illustrated by its involvement in the Ashok Leyland and Chloride India offshore takeover deals.

Favourable portents. Chowdhury's report to Merrill Lynch was in consonance with UTI's opinion. The Indian economy was shaping up well despite last year's terrible drought, industrial output was looking up, and corporate performance was highly encouraging. What's more, after 18 months of uncertainty the stockmarkets were staging a smart rally. Taking these factors into account the ministry of finance had no hesitation in clearing UTI's proposal to launch the $100 million India Growth Fund. The launch date was tentatively set for August with Merrill Lynch hoping that the rise in the Dow Jones Industrial Average as well as the upsurge in the London, Tokyo and Hong Kong stock exchanges would be sustained until the end of the year.

Over the last decade "country funds" have become a fascinating segment of the world financial markets. Thanks to deregulation, dentists in Belgium and hab
dashers in Honolulu can invest in fun
launched by countries as diverse as B
zil, India, Thailand or Taiwan. An add
incentive is that since most of these fun
are registered in offshore tax havens th
are not liable to pay income tax in t
country of origin. The size of these fun
has been increasing in recent yea
though 1988 has been a bad year. T
$150 million Brazil Fund and the $1
million Spain Fund being one of the e
liest casualties. However, smaller fun
launched by South Korea, Taiwan a
Thailand had a smooth ride. Thus,
place things in perspective, the $100 m
lion India Growth Fund was slated to
one of the larger country fund offerings
the market.

Though the fund was aimed at the
market, it is well known that the Jap
nese are amongst the largest players
that market. In early June M.J. Pherwa
chairman, Unit Trust of India and Piyu
Mankad, controller of capital issues, we
to Tokyo for a Merrill Lynch-sponsor
presentation on the Indian economy
Japanese financial institutions. A reco
140 Japanese banks sent their represe
tatives to the presentation ("it went
like a dream," recalls an observer). E
couraged by the response, UTI even co
templated launching a $150 milli
Nikkei Fund in Japan later this ye
Nomura Securities, the largest Japane
investment banking house, were roped
by Merrill Lynch as co-managers to t
India Growth Fund. This was importa
as a portion of the IGF issue was bei
offered to investors in Western Euro
and the Far East who invest heavily in
markets. In the US, preparations by Me
rill Lynch proceeded at a rapid pace. T
importance that Merrill Lynch attach
to the fund can be gauged from the fa
that its president Jeremy Kenny stay
up an entire night to finalise IG
prospectus.

There were two clearly defined mark
segments that IGF was aiming at — t
thriving NRI community in the US, a
large mutual funds. Ten "roadshows" (
investor conferences) were conducted
over the US and also in London a
Edinburgh (which has traditionally be
a money management centre). The iss
was widely advertised in the newspape
and over radio and television. The
sponse in the form of "informal comm
ments" was impressive — for the $1
million issue Merrill Lynch received fi
offers for $125 million. That's wh



IGF's prospects dimmed with the slide in stock prices

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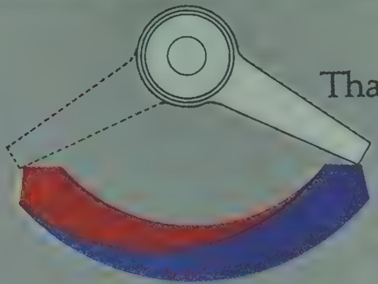

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For a free booklet, write to: Auto Controls Private Limited, 414, New Delhi House, 27, Barakhamba Road, New Delhi-110 001. Tel.: 331 6464/01 ings began to go haywire.

Acting on the basis of discouraging onomic indicators, the US Federal Re- rve Board announced a hike in its dis- unt rate in early August. As a result, the ow Jones Industrial Average, which un- l then had been coasting along merrily t a comfortable 2,130, lost 100 points to lunge to 2,030. The indices on the Lon- on, Tokyo and Hong Kong stockmarkets llowed suit. The IGF was scheduled to pen for public subscription on 12 Au- ust. Its firm commitments vanished as here were huge cancellations at the re- ail as well as institutional levels. How- ver, Merrill Lynch is at pains to mphasise that all offerings were sim- larly hit by cancellations and that the fall vas no reflection on India.

hree choices. UTI and its lead man- gers were then left with three choices: lelay the IGF issue by a few months, educe the size of the issue, or issue the ntire $100 million and allow the man- gers to "eat the paper", ie, subscribe to he portion that investors failed to pick up. Postponing the issue was ruled out, as t would result in adverse publicity; what- ever momentum had been gained until hen would have been lost forever. The entire $100 million could not have been ssued; news that Merrill Lynch had been forced to pick up a substantial portion of GF shares would depress its market price. Under the circumstances, accord- ng to observers, reducing IGF's size from 100 million to $60 million was a prudent decision. They cite several examples of new issues floated in the American mar- ket in mid-August that had to either re- luce its size to be successful or postpone.

Preposterous charge. Another view is hat Merrill Lynch did not market the ssue well as a result of which India can never enter the US market again. It has lso been suggested that Merrill Lynch is not a loser in the transaction as it would e receiving a 6 per cent commission on 100 million, the original issue size. "A preposterous charge," say informed ources who point out that fees to lead managers are always paid on the quan- um of funds raised. According to prelim- nary estimates, 50 per cent of the ubscriptions to the IGF came from the S, with the balance from West Europe nd the Far East. Moreover, institutional ubscription to the fund was as high as 75 er cent; a meagre 25 per cent came from ndividuals, mainly non-resident Indians. TI is disappointed with the NRI re- ponse to the issue but attributes it to the sharp fall in the Dow Jones Industrial Average. During the 19 October crash, observers say, it was selling by NRIs that contributed to the India Fund's decline from 95 pence to 50. This time around, these investors preferred to stay out as cutting losses on their existing investments was the prime consideration.

Reliable sources maintain that this is not an accurate assessment. They say that few NRIs have large holdings and that the reason for the failure of the IGF issue was bad marketing.

What kind of returns can an investor expect from IGF? The investment objective as spelt out in its prospectus reveals that IGF will aim for long-term capital appreciation. Historically all closed end funds quote at a discount of their net asset value (NAV). So in order to get a decent return, an investor will have to wait for three to five years. The performance of the India Fund marketed in the UK is a case in point. In dollar terms it has outperformed the Indian stockmarket indices by 24 per cent. Though the yields are low currently (as both the market price and dividend pay-out are at low levels), UTI believes that a 20 per cent return in the long run is a distinct possibility.

Exchange fluctuations play havoc with any fund's calculations; an Indian fund is even more strongly affected as the dollar continues to harden against the rupee. It is believed that a small portion of IGF's funds will be deployed in the money market to serve as a cushion against exchange fluctuations. This has been denied by UTI, which feels that by making prudent investments in the stockmarket it will be able to offset possible losses due to exchange fluctuations.

Bad effect. The scaling down of the IGF is bound to have a detrimental effect on other Indian offshore funds. S.G.Warburg which had a tie-up with Ashok Birla (Birla Mercury Growth Funds) has decided to pull out, though it will continue to act as an adviser. The launch of the Birla Fund has been postponed by a year. Warburg's assessment is that the global financial markets are set for an upheaval and that promoting country funds in such a situation will be a problem. Merrill Lynch which has so far been bullish about India has recently advised State Bank of India (which had plans of launching a $50 million IGF-clone in the US) to shelve plans.

The attitude is to wait until the US presidential election, though it is a moot point whether the slide in the American stockmarkets can be halted after that. Key finance ministry officials are trying to assess the long-term impact of IGF's performance. However, in the capital-surplus markets of the West, a country's ability to raise funds in the primary market is not a problem. What matters is the actual performance of these country funds, which will be reflected in the secondary market.

■ S.N.VASUKI

DEFENCE PRODUCTION

Indian industry's poor performance

How near to self-sufficiency are the three defence services — the army, the navy and the air force? Is their reliance on overseas suppliers unhealthy? Could it prove disastrous during a prolonged war? What is the extent of participation by Indian private industry in the country's defence programme? Is it more than it can handle? Can it do more? These and related issues were discussed threadbare at a recent "Seminar on opportunities for industry in defence production", organised by the confederation of engineering industry (CEI), (northern region) in New Delhi.

According to Lieutenant-General S.K. Bahri, master general of ordnance, the army imports nearly Rs.200 crores worth of critical spares every year but most of them are no longer under the active production programmes of the foreign companies concerned. Special orders have to be given much in advance to obtain critical spares. Such dependence on foreign firms could be disastrous in a long war.

Army exhibition. Expressing deep concern over the inadequate interaction between the defence establishment and domestic industry, Bahri said that the army was organising an exhibition in Pune in September, where nearly 30,000 items, which could be produced indigenously, would be displayed. "We will give you our needs for the next 10 years," he explained.

The challenge thrown by Bahri evoked an enthusiastic response from the engineering industry. Said Pran Talwar, chairman, CEI, northern region, "The role of indigenous industry in defence procurement has so far been at best marginal.

Seminar on
Opportunities for Industry in Defence Production

Participants at the seminar on defence production

Whereas internationally, defence procurement has spurred technological developments resulting in a host of spin-off applications in various sectors of industry, such has not been the case in India."

The value of orders placed with Indian industry by the defence services was of the order of Rs.78.46 crores in 1982-83, Rs.142.15 crores in 1983-84, Rs.149.72 crores in 1984-85, Rs.224.53 crores in 1985-86 and Rs.277.41 crores in 1986-87. This, however, has to be viewed against the total defence budget, a substantial portion of which goes for procurement. The budget for 1988-89 is Rs.13,000 crores. Production by ordnance factories in 1987-88 stood at Rs.1,598 crores and that by defence public sector undertakings was Rs.1,954 crores. The share of civilian procurement by the department of defence supplies came to only Rs.277 crores.

In contrast, about 50 per cent of the space department's budget (Rs.300 crores in 1987) flows to the indigenous industry. Says Talwar, "Such a level of participation is quite feasible for the defence sector too. It should be made the immediate goal." It was pointed out that in the United Kingdom, nearly 95 per cent of defence purchases were made from the indigenous industry. Besides, there was major funding support for research and development in those sectors of industry engaged in defence production.

The Indian Space Research Organisation (ISRO) has consistently followed the principle that partnership with domestic industry is imperative for the space programme. Says Talwar, "The ISRO-industry interaction has been continuously sustained by an unwavering adherence to the policy to use and develop domestic industry; a successful, pragmatic and professionally managed system for the transfer of internally developed technology; and a simple but effective technological consultancy service for the industry and other institutions."

Biggest obstacle. According to Talwar, it would have been an altogether different scenario in the defence sector too, if government policy had been more pragmatic. The biggest obstacle in the path of industry-defence interaction is the industrial policy resolution which bars the private sector from manufacturing defence equipment. A large section of the industrialists present felt that rather than impose an across-the-board ban, the restriction should apply only to selected and specified systems and activities.

The crores of rupees spent by the Defence Research and Development Organisation (DRDO) proves largely ineffective because of lack of interaction with industry at the product development stage. A partnership approach where defence and industry work together on the design and development of products and systems would considerably reduce delays in development time and also reduce the early obsolescence of costly items.

The defence ministry should either augment the only testing facility at Bangalore or recognise the other existing testing houses. In certain cases, the waiting time for products manufactured by private industry has been an unbelievable three years. Besides, the cumbersome procedures for getting registered as a supplier of defence items has kept potential suppliers at bay.

Defence production is an area where economies of scale barely exist because of the low volume of orders. Coupled with lack of availability of essential raw materials, the resultant high cost of production and extremely low prices demanded by the government, private industry has little or no incentive to manufacture new defence items. Industrialists demanded an objective appraisal of the true cost c items manufactured by the defence estab lishments to find out whether some of th items could be more quickly and econom ically produced by the private sector.

Overseas markets. A deemed export sta tus for defence suppliers, it was fel would make Indian manufacturers com petitive internationally and also enabl them to tap the overseas market. Bu here, the government should come u with a clear policy buttressed with a sup port mechanism to enable Indian indus try to explore international markets fo defence stores.

Nevertheless, Gen. Bahri dampene some of the enthusiasm of the industria ists when he hit out at the poor quality c supplies from Indian businessmen. "I ar deeply perturbed and alarmed at th amount of money locked up in stores cannot use. My troops suffer. I canno allow that." He exhorted industrialists t adopt the system of self-certificatio which was instituted two years ago. "In spectors are small people and can b easily corrupted. Don't depend on any body to certify your stuff," he told th industrialists.

However, Vice-Admiral S.B.N. Singh chief of materials, Indian navy, provide some solace to Indian businessmen. H said, "The Indian navy has become building navy instead of a buying navy. The objective of the navy's policy, accord ing to Singh, is the development of indig enous technology and efficien absorption and adaptation of importe technology appropriate to national prior ities and resources. A range of system comprising 70 per cent hardware wa being developed indigenously, though th goal of 100 per cent indigenisation re mains unfulfilled, stated Singh.

■ ANOOP SAXEN

CEMENT CONCRETE ROADS

A viable proposition now

If roads are indicators of the level o development of a country and the state o its economy, then a bumpy, and bone jarring ride on any of our potholed road should be a revealing commentary on th existing state of affairs in India.

Till a few years ago, road builders coul not have thought of an alternative to th aditional bituminous roads. Though the ountry does have some stretches of ceent concrete roads (CCRs) which were nstructed as far back as four decades o or more, building of CCRs was disconnued thereafter owing to the extreme ortage of cement and stringent governent controls on the cement industry. part from that, the initial cost incurred constructing CCRs was much higher an that of bituminous roads.

ramatic change. Today, however, the cenario has changed dramatically. The artial decontrol of cement from 1982 nwards resulted in an unprecedented purt in installed capacity and producion. Installed capacity has increased rom 29 million tonnes in 1981-82 to 57 nillion tonnes in 1987-88, while producion has increased from about 21 million onnes to over 39 million tonnes in the orresponding period. So for the first ime in many years cement is freely availble. Also, the landed cost of cement has ow become "lead sensitive". Earlier, on ccount of the uniform free on rail (FOR) ystem, the landed cost was the same whether the project was 10 km or 1,000 km away from the cement plant. Today owever, a concrete road constructed within the cement plant or within a radius of 300 km from it, often works out to e cheaper than a bituminous road.

But what are the other factors which make CCRs an interesting proposition for planners and decision makers today? Here it would be relevant to mention some statistics. As K.K. Sarin, director-general of the roads wing in the ministry of surface transport, points out, "Despite the fact that the road network in the country is really substandard, the road transport sector's share of passengers has gone up from 11 per cent to 80 per cent and its share of freight from 26 per cent to 56 per cent since 1951. The road sector has thus emerged as an important carrier of goods and passenger traffic. It would therefore be to our advantage to have good roads. For traffic will continue o move irrespective of the condition of he roads. The only difference is that you nd I will have to pay for delays if the oads are bad."

Heavier traffic. There has been a staggering increase in vehicular traffic. The umber of vehicles has leapfrogged from mere 300,000 in 1951 to 11 million in 987. Also, as trucks have got bigger and more powerful, the load carried by each as increased almost three-fold — from 5 onnes to 15 tonnes. Roads therefore need to be designed for heavier traffic. Says Sarin, "Cement concrete roads are particularly suited to high density heavy traffic. And because cement concrete has a long life-span and is practically maintenance-free it is particularly suitable for highways. This is because you cannot afford to close high-density corridors for repairs and maintenance."

Badly constructed roads result in higher maintenance costs and increased fuel consumption

Comparing the cost of CCRs and bituminous roads is no longer relevant. Today it is not the initial cost alone which is taken into account but the "life cycle cost" ie, the initial cost plus the cost of maintaining the facility over its design life. The cost to the road users because of a bad road also needs to be considered.

And, over the years, while the price of cement has increased about six times, the price of bitumen has shot up almost tenfold — from Rs.300 a tonne to Rs.3,700 a tonne today because of the high cost of crude and taxation. Needless to say, if all these costs are taken into account, CCRs are the more viable propostion.

Brahm Dutt, vice-chairman of Som Datt Builders Pvt. Ltd, says, "You save not only on fuel consumption because of the smoother drive but also on wear and tear of tyres and tubes and expenditure on spare parts."

Does all this mean that bituminous roads are likely to become redundant in the future? "Certainly not", is Sarin's quick rejoinder. "Both cement concrete roads and bituminous roads have their place. In certain situations bituminous roads are positively better, say for instance, in stage construction. And if a cement concrete road is not well made, you cannot rectify faults easily, whereas on bituminous roads you can easily lay another layer. Also bituminous roads are better suited for certain soil conditions." So it is not as if the construction of bituminous roads is going to be discontinued. It is only that CCRs will be given more importance.

Better technology. In what way will the new CCRs be technologically superior to those built several decades ago? According to S.M. Chakravarty, secretary-general, Cement Manufacturers' Association, "The earlier CCRs were only 5 to 10 inches thick because the loads carried by trucks and the number of vehicles were much lower. They could not withstand the increasing loads and therefore cracked. Today we will design roads keeping in mind the heavier traffic of the future. Also, concrete used to be laid by masons at the site and quality control was not as technologically advanced as it is these days. Now we have sophisticated paving equipment which can do automatic, uniform laying of up to a quarter kilometre of road a day."

What about funds for the expansion of the road network? The minister of state for surface transport, Rajesh Pilot, recently pointed out that the Central Road Fund is being augmented by earmarking a cess of 5 per cent of the basic price of petrol and diesel from the existing customs and excise duties. Diesel is also being brought under the purview of the Central Road Fund. A sum of Rs.300 crores is expected to be generated from this. Of this, the states will get Rs.200 crores more for road development every year and Rs.100 crores will be earmarked for national highways.

The World Bank recently sanctioned a loan for making expressways in India. The Asian Development Bank too will provide Rs.350 crores for the improvement of roadways in the country. One of the roads identified by it for improvement is the Delhi-Mathura road. What is more, it has already been decided that this will be a cement concrete road. So after a long time India will have a new cement concrete road. And about time too!

■ JYOTSNA SHARMA

DRY CELLS

A respite, at last

The worried looks on the faces of dry cell manufacturers have been replaced by smiles — well, half smiles, really! Thanks to an encouraging monsoon, the demand for dry cells in rural areas, which account for 80 per cent of the industry's sales, has picked up considerably. Most units are functioning at their rated capacity and inventories which had touched alarming proportions early this year have been wiped out. This is the good news for the Rs.400-crore industry.

Snail's pace. Now for the bad. High raw material costs, high excise duties and stagnant demand have undermined the industry's performance. Until 1982 there were 10 major players in the dry cell market. Now their ranks have been cut by half with the closure of one time brand leaders such as Estrela, JK, and Jesons. The ones that have survived (Union Carbide, Toshiba Anand, Indo National, Lakhanpal National and Geep) have all reported a fall in profitability. Says S.R. Jiwarajka, chairman of the Association of Indian Dry Cell Manufacturers, "The industry has shown a volume growth of less than one per cent between 1982 and 1987." During this period production crawled from 1,164 million pieces to 1,214 million pieces. Capacity utilisation is poor and per capita consumption in India has remained stagnant at 1.5 for several years now.

Three successive years of drought have seriously affected the industry. Dry cells are a monsoon-sensitive commodity; according to Jiwarajka, in a drought year there is a 30 per cent slump in demand. "The year 1987 has been particularly bad for the industry. Dry cells are primarily used in rural areas for torches and radios — in a bad year our inventory position just zooms up." Moreover, the industry has not been able to make a dent in urban areas. The growth of television has significantly reduced the use of radios in major towns and cities. And though dry cells are used in newer devices like electric shavers, these are not used very widely.

Shut down. The fate of a few domestic manufacturers of button cells is only too well known. Several units like Geep which invested large sums in button cell capacity had to shut down. So, in the immediate future, says a spokesman for Union Carbide, dry cell manufacturers will continue to depend on the rural market for survival.

But stagnant demand is not the only problem confronting the industry. High input costs and excise duties have reduced profitability. Over 45 per cent of the industry's raw material costs goes to pay for one item — zinc. And thanks to shortfall in domestic production, the in dustry has to depend on imports. Sinc January 1988, prices in the internationa market have skyrocketed from Rs.31,50 per tonne to Rs.46,000 per tonne. Impor duties on zinc were hiked from 85 pe cent to 125 per cent in December 198 when there was a slump in the interna tional market. At that stage, Jiwarajk admits there was a "genuine need" t protect domestic producers of zinc. More over, the presence of MMTC as the sol canalising agent ensured that dry cel manufacturers received a stable pric during the three-year period from 1985 t 1988. But now, with zinc prices goin "haywire" there is an urgent need t reduce import duties, he feels.

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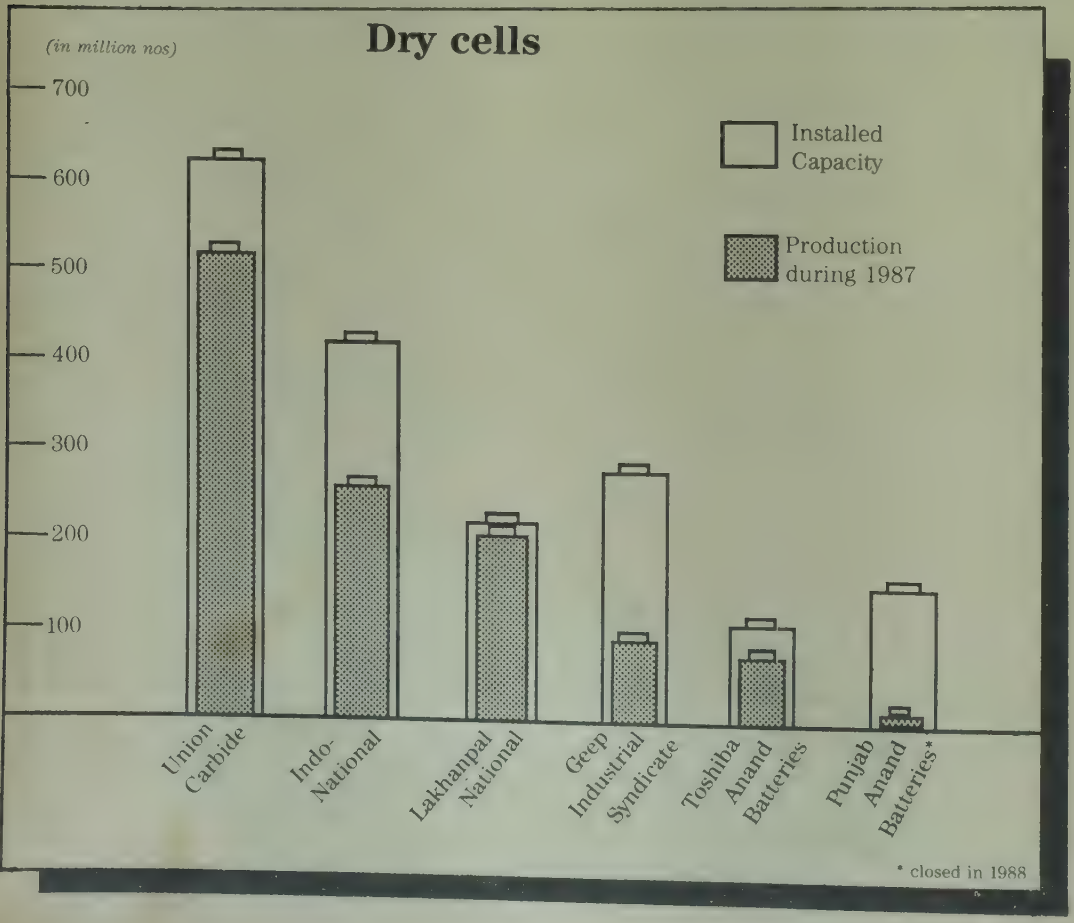
Dry cells: few left in the fray



* closed in 1988

High excise duties are another prob lem. Manufacturers feel that as dry cell are a consumer product of an "essentia nature", higher prices will only affect th common man. Since 1985, duties hav been hiked from 25 per cent to 35 pe cent. Producers claim that they canno pass on the additional burden to the con sumer. "It's a price-sensitive item," say one battery manufacturer, "and with de mand crawling, we really can't afford t increase our prices periodically."

However, 1988 promises to be an en couraging year for the dry cell industr Inventories have been wiped out and a five manufacturers are functioning their rated capacity. In the short term th outlook is bright. But another bad mon soon could prove disastrous for th industry. ■

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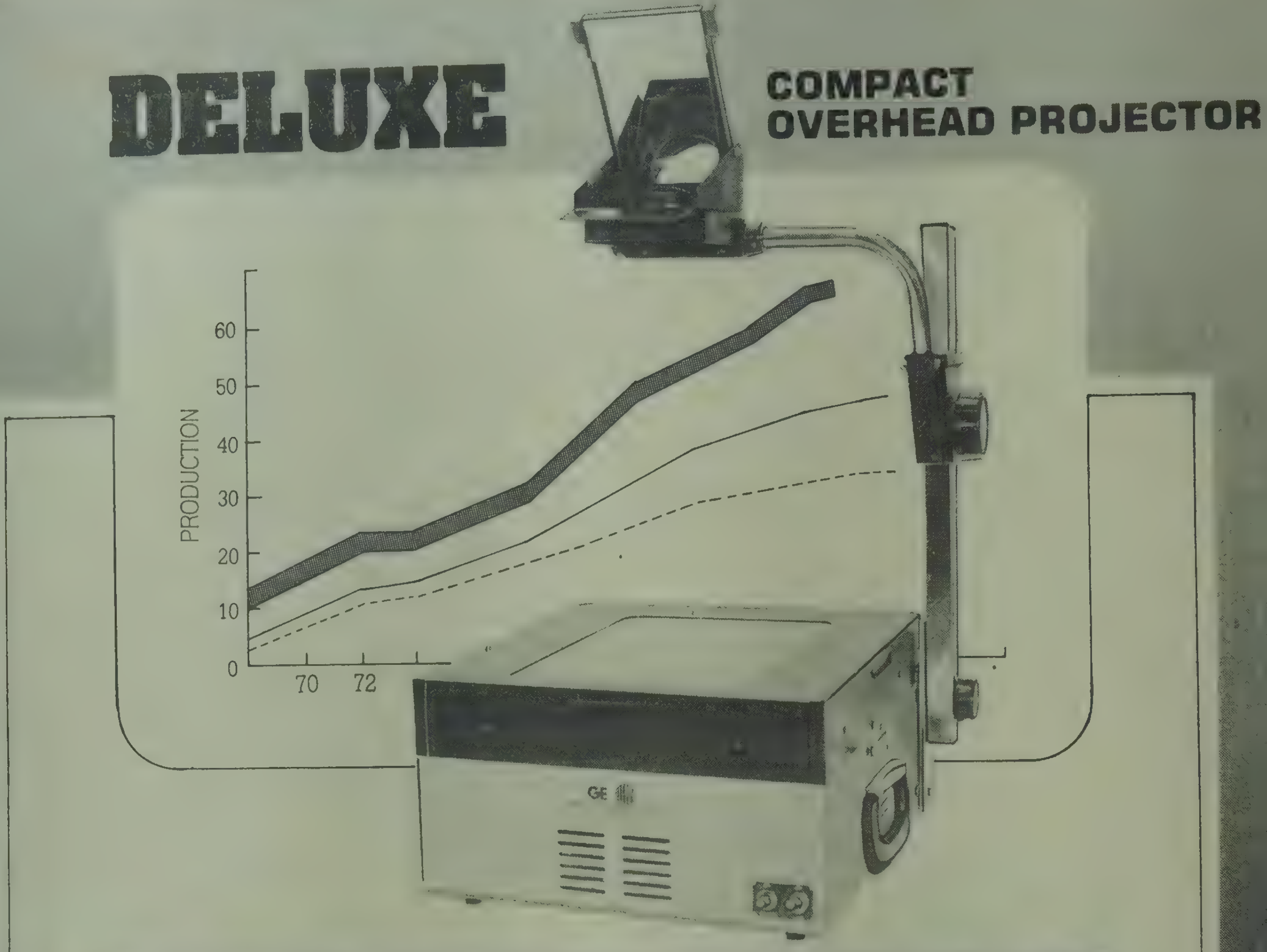

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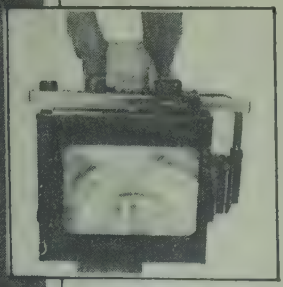

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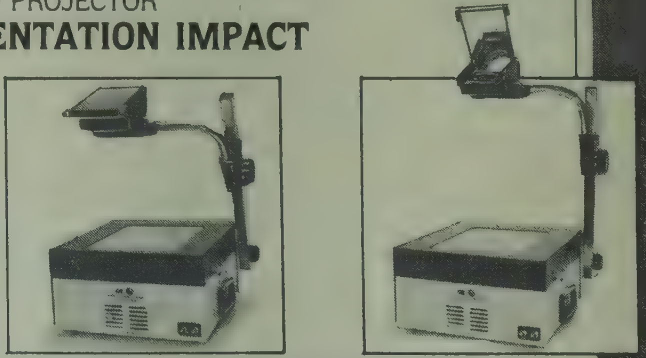

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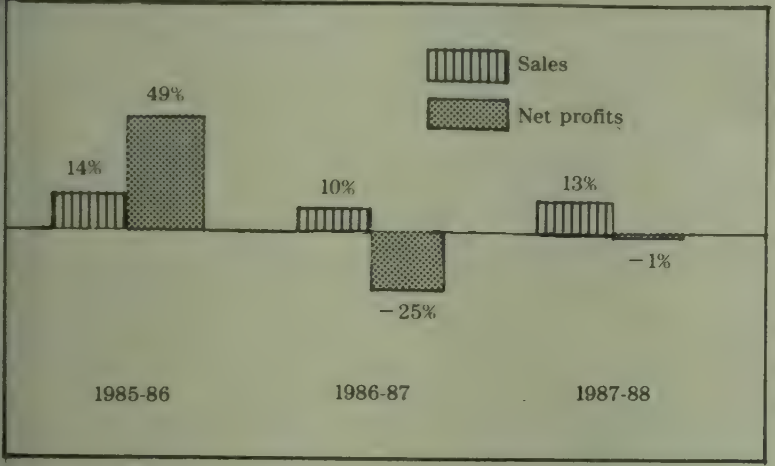
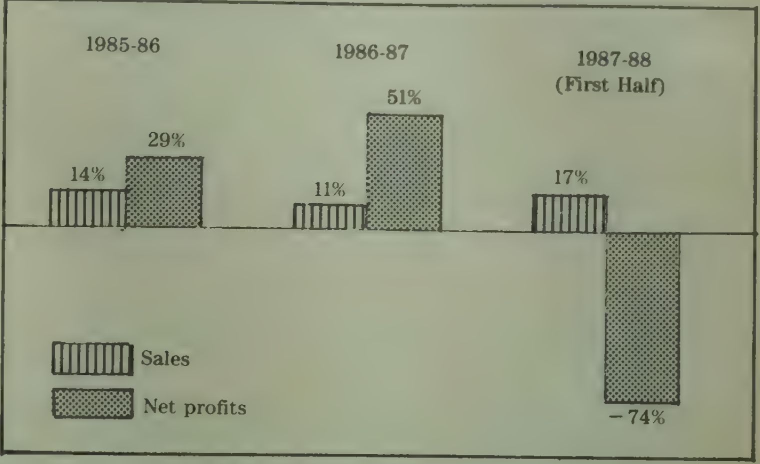
Sales & Net Profits of private industrial companies (% change over previous year)



he growth in sales of the private sector companies has slowed down in 1986-87 nd 1987-88. But it is the rapid decline in profitability that is a cause for concern. let profits declined by a whopping 25 per cent in 1986-87. However, there was only marginal decline (one per cent) in 1987-88 and profits are expected to rise in 988-89 due to the more favourable economic climate.

Source: CMIE

Sales & Net Profits of public sector units
(% change over previous year)



The public sector companies increased their net profits by 51 per cent in 1986-87, which in rupee terms amounted to Rs.1,769 crores. Among individual enterprises the 12 petroleum companies contributed Rs.2,142 crores as against losses of Rs.373 crores by the other 202 enterprises. Even though sales have picked up in the first half of 1987-88, profitability has declined sharply.

Source: CMIE

oney and banking (scheduled commercial banks): There has been increase of Rs.3,082 crores in M3. Aggregate deposits have increased Rs.1,392 crores. Bank credit has moved up marginally by Rs.16 crores, it food credit has seen a sharp decline of Rs.280 crores.

(Rs. crores)

	12 Aug 1988	15 July 1988	14 Aug 1987	% change over month	% change over year
road money (M3)	173,467	172,188	147,508	0.70	17.6
gg. deposits	127,401	126,009	107,815	1.10	18.1
ink credit	72,659	72,643	64,416	0.01	12.8
od credit	1,642	1,922	4,559	−14.56	−63.9
ed/dep. ratio	57.03	57.65	59.75		

holesale price index: The all-commodities WPI increased by 1.5 per nt during the month ending 30 July 1988 as against a rise of 1.6 per nt in the corresponding period of the previous year. In primary ticles, cereals and pulses rose by 2.8 and 2.9 per cent respectively, and l seeds declined by 2.5 per cent.

(1970-71 = 100)

	30 July 1988	25 June 1988	1 August 1987	% change over month	% change over year
l commodities	433.8	427.2	404.5	1.5	7.2
imary articles	408.1	401.4	384.7	1.6	6.0
g. products	415.2	407.8	382.0	1.8	8.7

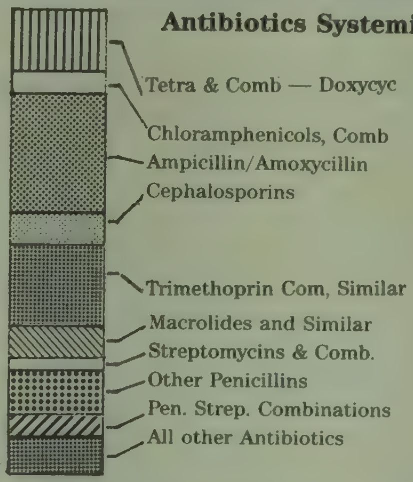
illion prices and stock market index: The prices of gold and silver the Bombay market have been steady. Demand for the yellow metal is slack despite the forthcoming festival season. In the London arket both gold and silver moved in a narrow range. The Bombay ock exchange index declined by 2.8 per cent during the period under view.

	26 Aug 1988	26 July 1988	26 Aug 1987	% change over month	% change over year
ld (Bombay)	3,110	3,140	2,950	−0.96	5.4
ld (London)	1,984	1,956	1,926	1.40	3.0
ver (Bombay)	6,235	6,152	5,185	1.30	20.3
ver (London)	3,065	3,169	3,240	−3.3	−5.4
mbay stock exch. iex (978-79 = 100)	590.51	607.42	496.89	−2.8	18.8

e price of gold is in rupees per 10 gms and that of silver in rupees per kg.

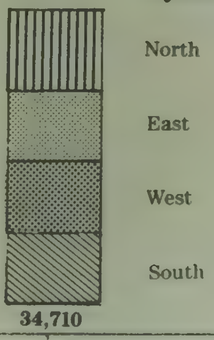
Systemic antibiotics A market scenario - 1987

Antibiotics Systemic *(Rs. in lakhs)* **34,710**



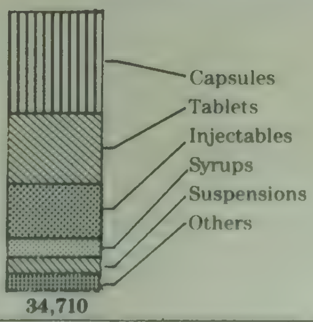
The systemic antibiotics market is worth Rs.347.10 crores in 1987. Of the total market, ampicillin/amoxycillin account for 24.7 per cent, followed by trimethoprin 18.2 per cent and tetra and comb 12.9 per cent.

Systemic Antibiotics — by zones



The systemic antibiotics market is evenly spread over the country. North accounts for the highest share of 27.6 per cent of the total mainly because of the concentration in population in the northern states.

Systemic Antibiotics — by form of application



As much as 38.0 per cent of systemic antibiotics are sold in capsules followed by tablets (26.7 per cent) and injectables (17.5).

Courtesy: Operations Research Group

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A case for exports

The prediction of the prophets of doom that India will soon fall into a debt-trap may be proved right after all. The foreign exchange reserves have fallen significantly during the first three months of the current fiscal year from Rs.7,287 crores at the end of March to Rs.5,382 crores at the end of June. In the coming months the foreign-exchange situation may get worse before it begins to improve.

India's current account balance of payments deficit which was Rs.2,852 crores in 1984-85 has shot up to about Rs.5,500 crores in 1987-88 and is expected to cross Rs.6,000 crores in 1988-89. The deficit has grown over the years mainly because invisibles have remained stagnant at about Rs.3,500 crores for over five years. And the trade deficit has been rising rapidly since 1984-85. The trade deficit has risen from Rs.5,871 crores in 1983-84 to Rs.9,500 crores in 1988-89, a 62 per cent increase in just five years.

Also, the external debt position is not very comforting. According to budget estimates for 1988-89 — which are very conservative — the external debt will cross Rs.25,000 crores. The debt service ratio is rising precariously year after year because about 90 per cent of the loans on the margin are commercial loans as opposed to soft loans.

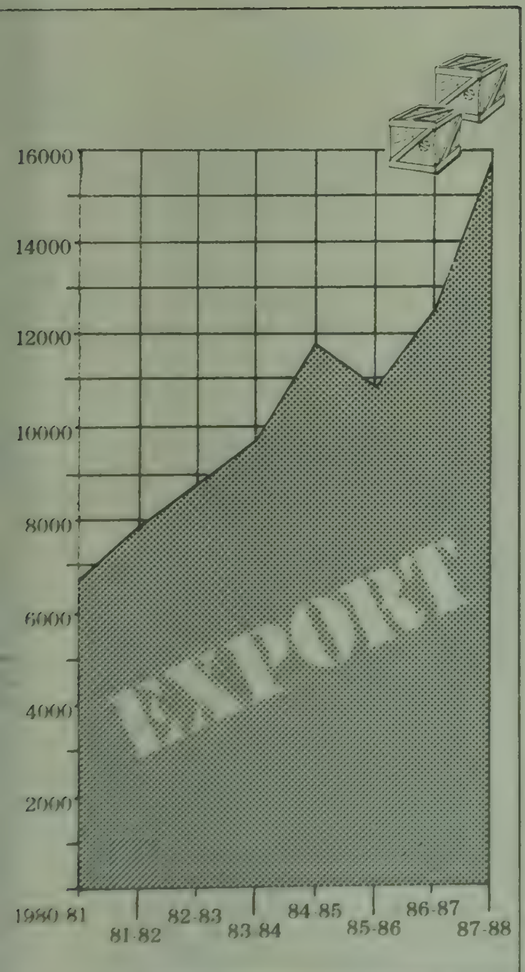
Given the rising trade deficit and the increasing burden of commercial loans the only remedy for building up foreign exchange reserves lies in increasing exports or curtailing imports. Of course, a balance will have to be found somewhere between the two.

The government, enthused by the 23 per cent increase in exports last year in dollar terms, has projected a 20 per cent growth rate to Rs.18,795 crores this year.

The main sectors expected to grow significantly are chemicals and related products, leather manufactures, gems and jewellery, and engineering goods. Accordingly targets have been fixed at Rs.1,900 crores for chemicals, Rs.1,500 crores for leather manufactures, Rs.4,000 crores for gems and jewellery and Rs.2,000 crores for engineering goods.

In order that the above targets are realised the government has announced a package of measures to help exporters. Among the measures announced recently the most important are the reduction in import duty on PG foil/film and on thermoplastic rubber materials used for the manufacture of leather goods. Also, pig iron and billets will be made available to the engineering sector on a priority basis to help engineering goods exporters. In addition, public sector units like SAIL, Hindustan Organic Chemicals and others have been advised to supply raw materials to exporters at international prices against surrender of advanced licences.

The export of gold jewellery has been languishing for many years. However, the announcement that exporters will get gold at international prices should go a long way in making Indian jewellery price competitive. The bank credit under the Credit Authorisation Scheme has been raised for the diamond trade.



The above measures, it is hoped, will help raise exports from 4.5 per cent of GNP to 10 per cent over the long run. Also it is perceived that there is a deliberate policy to devalue the rupee steadily vis-a-vis the main foreign currencies like the dollar, the deutschmark and the yen. Even though a de facto devaluation may not have a direct impact on exports, it will certainly facilitate exports given the structural changes within the economy slowly beginning to take effect.

On the import front it is suggested that priority be given to areas where import substitution is possible, and that greater emphasis be placed on shifting to rupee trade areas so that imports are balanced with additional exports. The government, to some extent has done its part. Now it is up to the exporters to deliver.

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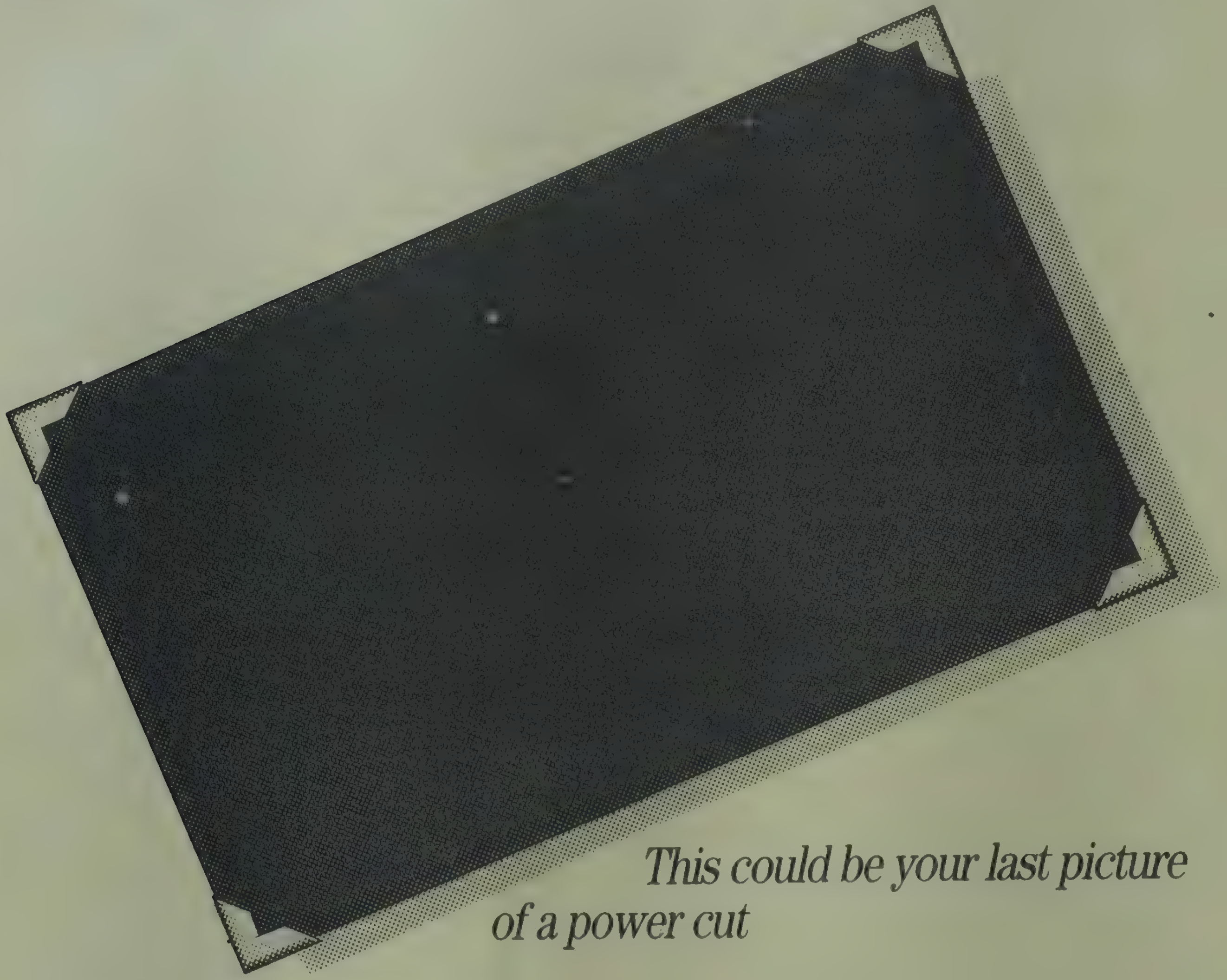

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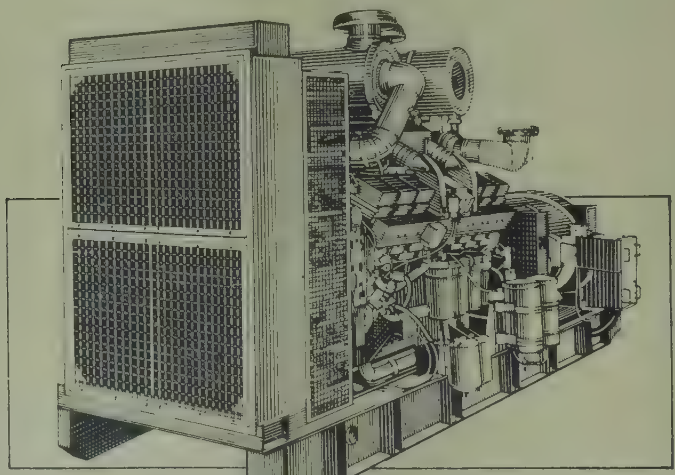

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There's nobody in North Block

he parts of North Block that house the nance ministry have a haunted feel nese days. The eerie emptiness has to do ith the exit of some key officials and umours of a further exodus. All this ncertainty must be specially annoying to Finance Minister S.B. Chavan who has to egin, within the next four weeks, the reliminary exercises of the 1989 budget.

It must be said to Chavan's credit that fter arriving in North Block he exercised reat restraint and ensured that no large cale movement of officers took place. His ecord has been exemplary; he has gone o the extent of allowing ministry officials o allocate a special assistant from within o assist him — a privilege that many ninisters insist is their prerogative. This tands in rather sharp contrast with N.D. Tiwari's style of personnel selection, especially in respect of his personal office, and was therefore welcomed in North Block. The finance ministry, which never quite settled down after the tumultuous exit of V.P. Singh, was hoping that under Chavan a period of relative peace would be ensured, especially since the former Maharashtra chief minister was known to behave like a methodical administrator and not just a politician.

The uncertainty that today haunts the finance ministry has, however, been generated primarily by the requirement to nominate two Indians to the Washington-based World Bank and the IMF. These two plum posts along with the post at the Asian Development Bank created by the demise of the last occupant means that, for all practical purposes, three top bureaucrats, with finance officials being accorded most-favoured-officials status, would be leaving.

The guessing game for the Manila post swiftly came to an end when it was announced that D.Bandhopadhya the West Bengal cadre revenue secretary, would be going. Bandhopadhya, who had vigorously renewed V.P. Singh's campaign against the high and the mighty among tax evaders, had been in Tiwari's bad books, but was expected to continue the good work on a lower key under Chavan. His nomination meant that moves to send a senior official from the prime minister's office were prevented and that the finance ministry retained its proprietorial hold on the Manila outpost.

The speculation over the World Bank and IMF posts has, in the meantime, intensified. The current scenario, that informed finance minsitry watchers discern, involves the exit of Bimal Jalan from his current post as chief ecnomic adviser to the Indian directorship at the IMF. The incumbent, Arjun Sengupta, who had earlier been the economic adviser to Indira Gandhi, had been shuttling to and from New Delhi during the last few months and for a while it had seemed that his stay in Washington would be extended. But today the likelihood of Jalan going to the IMF is high, say sources in the ministry who believe that the chief economic adviser had soured relations with one key personage above him. Jalan's exit had in fact been speculated upon ever since the charge of banking secretary, that he had temporarily nursed, was removed from him last year. The possible ending of Jalan's long tenure as chief economic adviser will therefore be a significant and sensitive gap to be filled in North Block.

Chavan: annoying uncertainty

To keep the best bits for the end, because middle order batting is critical in finance, the focus must now shift to some other key vacancies. Anil Kumar, the director of enforcement (who succeeded the feared Bhure Lal), is also on his way abroad, say reports. Another key revenue official, M.V.N. Rao, is also scheduled to retire soon. With three exits soon on the revenue side, there is likely to be a general shake-up in this area, suggest insiders. Yet another departure that has remained noticeably unfilled for quite a while now is the post that K.P. Geethakrishnan vacated on being appointed environment secretary. The post, that of additional secretary in the finance ministry, saw some brief attempts at being filled but as of now remains vacant.

What everyone is talking about today is whether finance secretary S. Venkitaramanan will move. While the powerful Venkitaramanan has only a few months more to go before he retires, most punters are betting on his moving even further up the hierarchy. There are some who believe that Rajiv Gandhi may want Venkitaramanan to manage his own secretariat, given his confidence in the finance secretary.

The more widespread belief, however, is that if cabinet secretary B.G.Deshmukh opts for the World Bank post, currently occupied by former cabinet secretary Krishnaswamy Rao Saheb, then Venkitaramanan may be the next cabinet secretary. And, whether the finance secretary becomes the PM's secretary or cabinet secretary or even gets the World Bank post himself, speculation as to who will fill his vacancy is now rife.

The favourite at the moment seems Gopi Arora, who is currently busy with a host of tasks at the information and broadcasting ministry. Whether Arora will be the chosen instrument of executing a new election-oriented economic package — a pro-poor one that is rumoured to be in the mills at the moment — or will continue to prop the sagging media image of the PM is not known. But what is certain is that if and when the new finance secretary is appointed, North Block will need desperate attention if the current vacuum is not to damage the nation's account books.

All of which leaves the small matter of what happens to those jettisoned by these changes. Will Arjun Sengupta get the top slot at the RBI or will he be the new principal secretary in the PMO? Will Deshmukh get Washington or the RBI? Will Sarla Grewal get a governorship? But most importantly — will Rajiv begin to make up his mind soon?

■ DILIP CHERIAN

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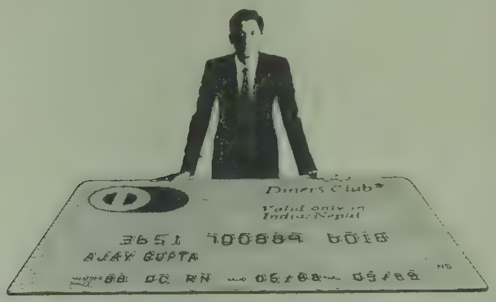

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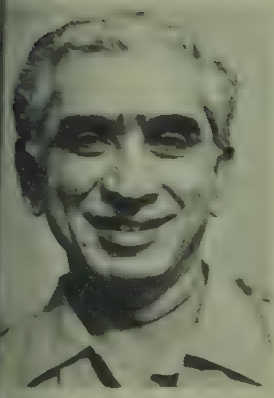


ASWANT SINGH

"Tweedledum and Tweedledumber"

The Dukakis-Bush presidential race is currently described by wits in the US as a contest between "tweedledum and tweedledumber". Irresistibly, I was reminded of this bit of gallimaufry when news of the Karnataka telephone tapping became public. For sometime past, denizens of the Central Hall of Parliament had been remarking: "It is all the same — you are no different. Look at your performance — Samajwadi Janata Dal to National Front; four attempting to become one, ending up by being six; like cells, constantly dividing and multiplying. And now this snooping on your own side. How very like us in the ruling Congress." On the surface, it seems a reasonably accurate and also a reasonable enough observation. But as the cellular structure of the political opposition to Rajiv Gandhi is not under examination today, we cannot really tarry here. Our worry is this business of telephone snooping: What after all is it?

I am old enough to know that it is a fact of life; yet, not sufficiently knowledgeable to be able to tell how it is actually done: What do they actually do when they do it, I have always yearned (almost adolescently), to know. Do they connect some kind of a wire to our telephones and sit there for hours on end, bored beyond measure, listening to the constant static of our inefficient systems? Or do they just plug in something, and play cards while the machine does the rest?

When do they do the actual listening then? Do they take it home and listen to it for pleasure? — Long hours of leisure spent idly, as the pregnant tapes slowly unburden themselves of secrets, savoury and not. What about crossed lines then, the fate of most ordinary telephone owners? Do the telephone tappers also go through experiences like tapping someone in Jodhpur only to find an irate grain dealer of Ghaziabad cursing them on the line? And what about getting a wrong number? Is there such a thing as "tapping" a wrong number as well? All these and many similar questions arose after the Karnataka expose, which bikini style, gave us a tantalising glimpse but hid all the essential parts. When I read the lists, I wondered, who actually selected the victims and why? The union home minister had informed us, in Parliament, that tapping is done only in the country's "security interests". How, I wondered, is the country's security ensured by snooping over one Ms. Anuradha of Bangalore?

I draw great comfort from the demonstrated inefficiency of our systems: If we cannot actually run a routinely effective telephone system, then there is just no way in which we could do even a moderately efficient job of telephone snooping either. Carrying that reassurance in my mind, like a talisman; and sure in the knowledge that my telephone is tapped, I have chosen to go on the offensive. Whenever I use this foul instrument, I say the most incredibly outrageous things into it; challenging the snoopers to act. (And you would be surprised at the verbal abandon of some of the feminine parties, who catch on to the game.) Bravado, you might remark. Yet, so far the snoopers have chosen not to do anything, possibly because I am not important enough. I think it is because they are just rank inefficient.

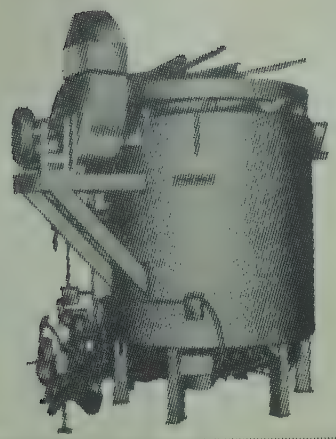
So I did a bit of private investigating into this matter and came across some startling revelations. A recent issue of the *New Statesman* and *Society* informs me that "in the booming surveillance industry, they spy on whom they wish, when they wish, protected by barriers of secrecy, fortified by millions of pounds worth of high, high technology". The magazine also said that according to information recently given, in secret, to the US Congress, American, British and allied intelligence agencies are about to embark on a massive, billion-dollar expansion of their global electronic surveillance systems.

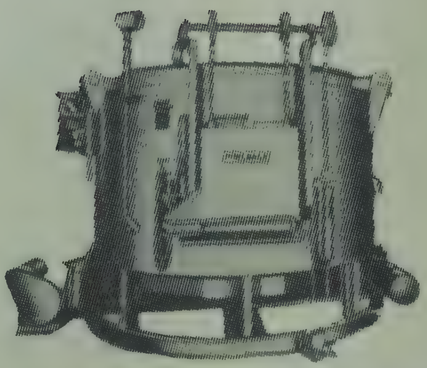
For those readers who are interested in such matters, the largest "overseas section" is the "US Satellite & Communication Base at Menwith Hill, near Harrogate, in Yorkshire". This network is capable of "tapping all international and some domestic circuits, to sift out messages that sound interesting"; it has a staff of over "15,000 in Great Britain alone," with "a budget of over £500 million a year".

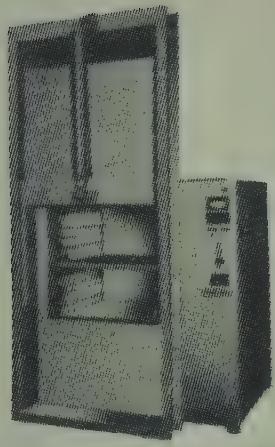
There, it is all out now! We are not the only ones to do it; the Yanks do it, the Brits likewise; and of course, we have always known about the Soviets and the Chinese. And all in the name of security!

Which then brings me to my next worry. The documents published in *The Times of India*, about Karnataka snoopings, also had "stratospheric classifications"; they were marked "Top Secret". In this deliberate leak, engineered by the union government, is there not a violation of the Official Secrets Act, which specifically prohibits the publication of any information, with any kind of security classifications; particularly about intelligence-gathering? Does this not automatically amount to a crime? Who then is to blame for this violation? If one kind of violation is wrong (human rights), then what about the other (security), for which you commit the first in any case. But then, as we started by saying, it is all a choice between "tweedledum and tweedledumber".

The author is a Member of Parliament







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Pakistan at the crossroads

General Zia ul Haq ruled Pakistan adroitly and ruthlessly for just over 11 years before his sudden death in an air crash on 17 August. He proved himself to be a great manipulator of political leadership. Having ruled Pakistan since July 1977 essentially as a one-man show, he left behind a power vacuum compounded by the absence of established institutions and the impending elections overburdened with uncertainties, including whether they will be held at all, and if so, whether party-based or otherwise.

The military in Pakistan has ruled for almost 26 years (29 years if their influence behind the scenes during 1955-58 is included) out of the 41 years of Pakistan's history. In the past, the military intervened in politics and took over direct governance of the country in 1958, 1969 and 1977. Senior officers of the military have very frequently occupied important posts in the governance of the state. Seen in this context, there appears to be universal agreement that the military will continue to be the ultimate arbiter of political power in Pakistan for a long time to come. At the same time, while trying to make an assessment of the directon along which the Pakistani political structure may evolve in future, it is important to remember two essential factors: that every time the military in Pakistan assumed political power in the past, it was after visible signs of breakdown of the political system, whatever *ad hoc* ones have existed at different times; and the period of Zia's rule, the termination of which has brought Pakistan on to the crossroads once again.

After seizing power in a bloodless coup in July 1977 when prime minister Z.A. Bhutto's autocratic functioning and the agitations against the allegedly rigged elections had brought the country to the verge of political chaos, Zia ruthlessly set about establishing political control and winning legitimacy for his regime. His rule and policies at one level proved beneficial for Pakistan; and at another level they created sources of serious vulnerabilities.

On the positive side, Zia took full advantage of Soviet military intervention in Afghanistan and US policies to support Afghan resistance groups to the extent that Pakistan achieved the status of a "frontline state" and became the fourth largest recipient of military and economic aid from the US. He pursued policies with semblances of "Islamisation" which gave his regime legitimacy at home and support (political and economic and in the field of military co-operation) from Islamic countries especially in southwest Asia. This had three major effects: the qualitative and quantitative expansion of Pakistan's military capabilities; greater leverage and freedom to vigorously pursue Pakistan's dedicated nuclear weapons programme, initiated by Bhutto in January 1972, to successful ends; and a healthy growth in Pakistan's economy in spite of its being synthetically propped up.

While looking at the military build-up one has to, of course, remember that the bulk of the quantitative expansion took place during the seventies and before Soviet military intervention in Afghanistan and not as a consequence of a "Soviet threat" as western conventional wisdom would have us believe. For example, the army grew from 300,000 in 1970-71 men to 400,000 in 1979; the navy from 9,000 to 12,000 and the airforce from 15,000 to 17,000. After the Soviet entry into Afghanistan the numbers have grown slowly and by 1987-88 the army was 450,000 (of which 30,000 were stationed abroad); the navy 13,000 and the airforce 17,600.

With the establishment of US-Pak strategic consensus, and the $3.2 billion military and security-related economic aid package authorised in September 1981, and a second $4.02 billion military and economic assistance programme commencing this year, Pakistan has introduced high-tech sophisticated weapons systems like the F-16 combat aircraft, AN/TPQ 36-37 Firefinder artillery-mortar locating radars (which necessitated 155 mm howitzer capabilities in India to cope with them), the Harpoon anti-ship sea-skimming missiles and so on. It also made efforts to obtain an airborne early warning system and so on. The list is a long one, and it created serious problems for Indian defence planners since the sudden massive induction of high-technology weapons necessitated responses in India. The net result was a sharp increase in Indian defence expenditure in the early eighties.

The pursuit of the nuclear weapons programme to its successful end was made possible largely due to Zia's shrewd handling of nuclear non-proliferation pressures. By aligning Pakistan with US strategic objectives in the region, in general (especially in the context of the US Central Command strategies), and with the Afghan resistance in particular, Zia minimised US leverages and pressures, forcing it to choose in favour of perceived strategic interests rather than nuclear non-proliferation objectives.

Pakistan's economy has been growing at a fairly steady rate during the early eighties, registering a real growth of GDP of the order of over 6 per cent or so. The Economic Survey of Pakistan put the growth of GDP in 1987-88 at 5.8 per cent compared with the revised figure of 5.7 per cent for 1986-87. However, the economy had already started running into serious problems, mainly because of a drop in foreign remittances and foreign currency reserves, rising debt problems and heavy military expenditure. Debt servicing and military expenditure alone account for nearly 79 per cent of the federal revenue expenditure forcing a substantial reduction in the Annual Development Plan (a near 6 per cent drop from the previous year). The fiscal deficit in the budget for 1988-89 was projected at Pak Rs.69.5 billion.

However, the liberal approach to the growth of poppy led to a substantial increase in the drug and narcotics trade, a great deal of which started crossing into India. Conservative official estimates place drug smuggling from Pakistan at around $.3.5 billion — unofficial estimates put it at thrice this figure or more than Pakistan's legitimate trade. At the same time, of the US and Chinese supply of arms for the Afghan resistance, as much as one-third or more is believed to have been funnelled into illicit trade and possession in the country. Internal violence and Muslim ethnic conflicts have been on the increase. The internal situation, in fact, was rapidly deteriorating, becoming explosive in fact.

At the same time, after the signing of the Geneva Accord and the Soviet military withdrawal and because of a large number of other international and domestic factors, US support for Pakistan was tending to taper off. Partly to offset this trend Zia took up a more aggressive posture, identifying himself more closely with the Afghan mujahideen struggle. This could only be possible with more active military participation; there was evidence in the past few months to indicate that this had started taking place. The level of conflict was thus likely to escalate, with bleaker prospects for Afghan refugees to return to their homes, or for moderate Afghans outside Afghanistan to participate in the political structure of their country.

Zia's support of terrorist activities in Punjab, his pursuit of the dedicated nuclear weapon programme, his efforts to try and capture Siachen Glaciers and his attempts to repudiate the Simla Agreement, etc, all combined to push Indo-Pak relations to their worst depths. Thus Pakistan, while it appeared to have achieved many tactical gains in the short term, had created serious problems for itself through the policies pursued by Zia.

The question therefore emerges: Who and what after Zia? There has been an effortless assumption of power, based on the 1973 Constitution, with Ghulam Ishaq Khan, chairman of the Senate, taking over as acting president. The setting up of the Emergency Council would indicate that the predominant role of the military is being institutionalised. The real issues that are likely to emerge will revolve around how the military resolves its own leadership problems, how this leadership relates to the interim government, and finally, how the military-dominated government relates to the issues of national leadership.

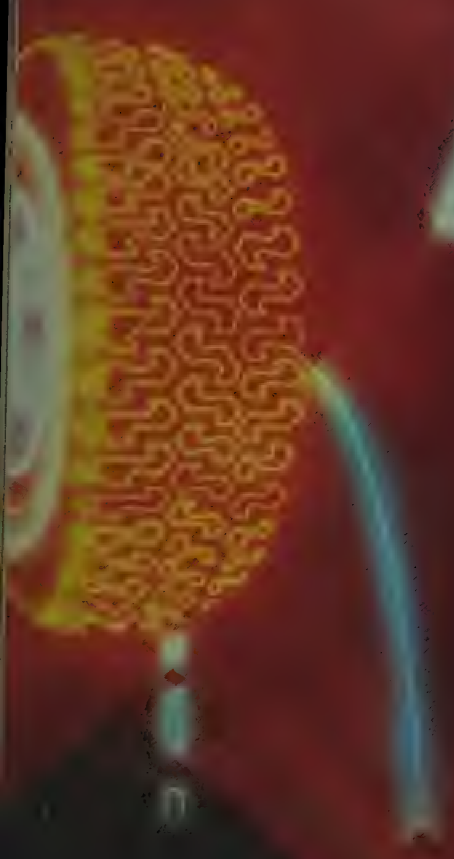
The air crash which killed Zia also killed some key army generals, leading to vacancies in the highest echelons. General Afzal Beg's prompt promotion as Army Chief (a post held throughout by Zia himself) created another vacancy. The post of chairman, Joint Chief of Staff (JCS), now vacant, was created by Bhutto in 1976 ostensibly to please the army but also to better control the army top brass. The JCS has no executive powers over the service chiefs (and, by extension, the three services) except during war, warlike conditions and as designated by the prime minister. He takes precedence over the three service chiefs regardless of seniority.

At present, General Beg, the army chief, is the seniormost officer on active duty in the army; and the naval and air chiefs are senior to him. The manner in which this post will be filled and the person chosen to fill it will provide clues to the inner contradictions in the military leadership and their resolution. It is unlikely that the post will be left vacant to be filled later possibly by a civilian prime minister. It could, of course, be abolished. Alternatively Admiral Sirohay, the seniormost chief and CNS, may emerge as the compromise consensus choice; a choice not likely to be popular with the army since it is the army which has held this post since 1976.

Regarding the future role of the military (essentially army) in the political arena, General Beg has firmly stated that the army should stay away from politics. The speech is reminiscent of General Ayub Khan's speech when he took over command of the army in 1951. Looking at the historical evidence, it is likely that the military will allow the constitutional processes to be followed and elections to be held, and, depending upon their results, permit a civilian government to come into power. However, the political leadership is conscious of the central role of the military and if a stable government can be formed, a mutually acceptable relationship may emerge. Given the fragility of Pakistan's political institutions, it would be overly optimistic to expect the political system to become stable at an early date; the scope for military intervention in politics, will therefore continue. The evolution and resolution of the national leadership issues will naturally have their impact on domestic and external Pak policies. While de-escalation of the high profile support to the Afghan rebels and the violation of the Geneva Accord may be expected in respect of Pakistan's Afghan policies, reduction of tensions with India may depend heavily on the stability of the regime in Islamabad.

AIR COMMODORE
JASJIT SINGH

The author is director of the Institute of Defence Studies and Analysis, New Delhi.



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GARDEN-VARELI

Designing success

The Garden-Vareli group has grown over the years into one of the more significant textile companies of the country. Its hallmark is the exquisite prints which have caught the eye of so many Indian women. Driven by the creative energies of chairman Praful Shah, the group is now all set to make large investments in the next three years

Praful Shah: in pursuit of beauty

Facing page: An artist tracing out a floral pattern

"The gardener sowed the seed,
with love, devotion and toil...
that it may grow...
into a thing of beauty."

This is how Praful A. Shah the soft-spoken, chairman and managing director, Garden-Vareli group of companies, likes to describe the humble beginnings of the giant textile business he heads today. The "gardener" was his father, the late Amichand Shah, an opthalmologist turned entrepreneur, who installed Hattersley looms way back in 1920 at his Surat residence, "Ghaspal ni Wadi", in the midst of lush trees he himself had planted. Sixteen years later, when the factory had grown into an art-silk weaving unit making viscose jacquard sarees, the name "Garden" came naturally to him.

Today, this house continues to be the residence of Praful Shah. The looms with their constant clatter are no more. The wooden beams that once supported the factory lie in an obscure part of the sprawling compound that surrounds the ancestral house. Located in the old and depressed part of Surat at Rampura Tunki, which wealthy industrialist would like to set foot here? But Praful Shah, as unconventional as his late father, feels perfectly at home. It is this sensitive, unconventional and humble nature of Praful Shah combined with a deep-rooted aesthetic of design and colour that has catapulted Garden into the big business league. Eye catching and exclusive prints in striking colour combinations are the hallmark of the Garden sarees and Vareli dress material, woven from largely imported speciality polyester yarns. The names of the fabrics are as exotic as their sheen, colour and bounce: crepe de chine, china yoryu, fuji taspa, nashiji silk. Each is a close imitation of a natural fabric: yoryu with its crumpled look is suggestive of chiffon, nashiji is reminiscent of classical georgette, crepe de chine has the natural look (half matt-half shiny) and feel (non-slip silky) of pure silk crepes.

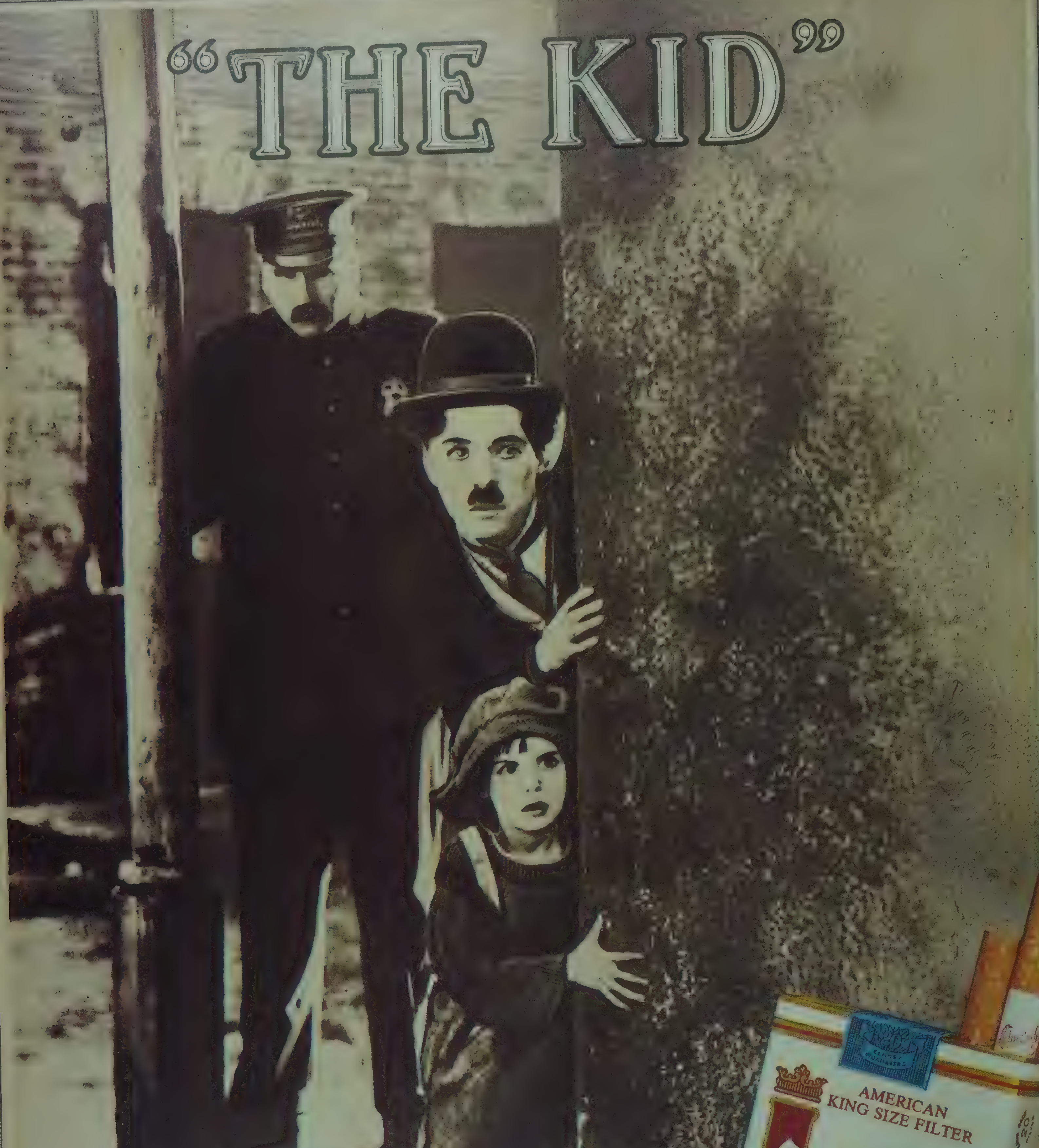
The introduction of the new genre of natural look filament fabrics in the early eighties for the first time in the Indian market proved a runaway success. Between 1982 and 1985, the combined turnover (inclusive of inter-trading) of Garden and Vareli swelled nearly five fold to a chic Rs.175 crores.

Besides new fabrics, Garden also introduced revolutionary designs to Indian consumers. A dramatic example was the introduction in 1985 c "geometrics" and "abstracts" — design concept quite alien to the domestic market — in a variet of hues. Launched under the new brand name c Vareli, these proved to be a resounding succes among younger consumers aspiring to a moder liberated look. Praful Shah explained the radica concept of geometrics in the product ads: "Th geometric line becomes the fashionable stripe; th point and circle, a dot; the square, a check. .. panoply of shapes, simple yet permanent. Sinc these shapes are fundamental, they allow groun colours to have full play."

This then is the bedrock of Garden's success – continuous product innovation, a task that given No.1 priority and handled by Shah persor ally ever since he took charge twenty years ag Even today, Shah spends most of his time in th design department. He personally selects and co our matches the hundreds of designs that the 2(odd fine arts graduates conceive each month. experience tremendous joy in creative desig work," says Shah. "It's so inspiring, elevating Surely, this is an unusual businessman, more of a artist who has become by a happy happenstance, leading industrialist. For his primary pursuit is thing of beauty", not mere growth. An arder tennis lover, he likens his great success to wha Borg says about his aces: 'They just happen'.

Apart from his inborn flair for the dynamics colour, design and fabric construction, what ha made Shah so successful in women's textiles is h receptiveness to fashion trends abroad. Betwee 1973 and 1986, he regularly visited the Intersto Fair in Frankfurt for viscose and rayon fabric where the basic parameters of fabric, colour an design are set by the leading designers of th world. Another source of inspiration has bee Japanese prints that embody Sumi-e water col techniques of depicting flowers, birds, landscap and others such as kimono patterns and fan d signs. A lot has been imbibed from ethnic India designs too though these are always given a mo ern twist to impart a contemporary look. H passion for beautiful fabrics has led to a person collection of some of the most exotic Indian fa rics of yore: the world famous jamewar woolle shawls handwoven by Kashmiri weavers in the la century, Banarsi gold brocade sarees, jamda

NAME	Garden Silk Mills Ltd
YEAR OF INCORPORATION	1979
REGISTERED OFFICE	Garden House Rampura Tanki Surat 395003
CHAIRMAN	Praful A. Shah
PLANT LOCATIONS	Sahara Gate, Surat Village Vareli, Surat
ITEMS MANUFACTURED	Polyester yarn/fabrics
RECENT SHARE PRICE	Rs. 65.00
PRICE EARNINGS (times)	4.62
RETURN TO INVESTORS (yield)	4.60%



AMERICAN
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CIGARETTES
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STATUTORY WARNING
CIGARETTE SMOKING IS INJURIOUS TO HEALTH

In The Great American Tradition

"The Kid" was the first feature film Chaplin wrote and directed himself. Billed as "6 reels of joy", it took its perfectionist maker a whole year to produce and featured him as the "little tramp" who had already captured the hearts of movie-goers the world over. The tramp's timeless appeal was demonstrated as recently as 1970 when a Creative Arts Award citation described him as "the most famous, complex and vulnerably human character in the history of cinema".

Chesterfield is heir to the same tradition of meticulous craftsmanship and attention to detail. Experience the full, rich taste, mellow with subtle flavour. The truly smooth, satisfying draw. You'll agree that a cigarette of such rare distinction is perfectly in keeping with the great American tradition.

Made in India by Godfrey Phillips India Ltd.

ilpa Shah: putting emotion in dvertising

raful Shah with his colleagues: electing prints that will sell

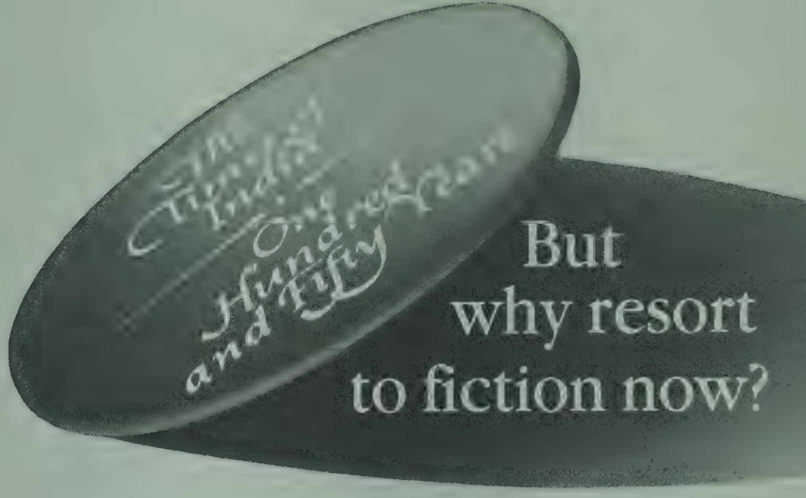
cotton achkans worn by the nawabs of Oudh.

Such an eclectic approach to fabric design has imparted an exclusivity and class to Garden sarees and Vareli dress materials that has kept them metres ahead of competition. Admits a senior executive of a rival firm who prefers anonymity, "Their designs are absolutely fabulous. No one can beat Praful Shah in this." Few in the synthetic textiles business would disagree. Many liken Garden in ladies' fabrics to Raymonds in suitings and shirtings: "unbeatable". Through the process of continuous design innovation, Praful Shah altered the way the Indian textiles trade had functioned for decades. The time-honoured practice of getting orders by presenting samples to dealers for approval was abandoned. "The old system assumed that the dealer knew the consumer best. It kept the manufacturer away from the consumer," says Praful Shah. "By putting a stop to that we made creative decisions a management prerogative." To keep a close tab on the pulse of the market, Garden has adopted a unique method of marketing its fabrics. Today, the group has 24 wholesale depots of its own located all over the country. These are in addition to the approximately 250 semi-wholesale dealers who supply Garden-Vareli fabrics to general retailers. The dealers and mill depots are treated on a par: both have to purchase fabrics on a cash basis.

The mill depots, however, are expected to provide a thrust in untapped areas and to ensure consistent marketing policies in their respective regions. "These depots hold the key to our marketing effort," says Paresh Chothani, marketing co-ordinator. "They provide us quick and reliable feedback on how our numerous prints and fabrics are faring in the marketplace." This plays an obviously vital role for a company that sells around two-thirds of its two lakh metres a day output as prints and introduces three new designs everyday.

The group also has around 150 exclusive show-rooms which retail only Garden-Vareli products. These are generally appointed on a franchise basis and provide the widest range of the group's products at company recommended prices. The showrooms are given full group support: they get priority in the supply of exclusive and fast moving prints, point-of-sale advertising and promotion support, as well as liberal financial backing to enable the franchisees to do more

India Today felicitates The Times of India on 150 years of reporting the 'facts'.



150 years of 'responsible journalism' cannot condone a lapse of memory. Obviously, for selling advertising space in its Collectors' Issues, the Times of India has had to resort to fiction even forgetting their own motto "Let Truth Prevail".

5.4 is not equal to 7

As last certified by the Audit Bureau of Circulation, an independent and professionally respected body, the Times of India sells 5.4 lakh copies and not 7 lakhs as claimed by them in their recent advertising. By their statement that 7 lakh subscribers *"will get"* the Collectors' Issue, they obviously mean that these will be given away as *free hand outs.* But who are these 7 lakh subscribers *when the factual number is only 5.4 lakhs?*

Boribunder and Bahadur Shah Zafar Marg is not India!

61% of Times of India's circulation is concentrated in just 2 cities and 83% in just 3 States and 1 Union Territory. *The Times is not India and certainly not India Today* which offers a true national coverage.

Circulation is not Readership

Advertisers pay for reaching their message to readers. So what is important is not just how many copies are sold, but how many people actually read these copies. Based on the National Readership Survey III, each copy of India Today on an average was read by 9.5 people against Times of India's 4.5. The true cost, therefore, of reaching every thousand readers through a full page colour ad is Rs 20 for India Today against Rs 40 for the Times of India's proposed Collectors' Issue. *This is based on facts and not fiction.*

150 years of nostalgia is not the same as fortnightly topicality

And now, the comparison between the Times of India's Collectors' Issue, *a free hand out,* against India Today, a conscious purchase decision by over 3.5 lakh discerning buyers. The free Collectors' Issue is likely to gather dust on a forgotten shelf to be read someday which may never come. Whereas, *India Today* is bought fortnight after fortnight for the news it delivers, its reputation and credibility and above all because it *believes in providing facts and not fiction.*

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business.

Garden keeps close to the consumer in yet another way. Spot sales are conducted in 90 towns and cities all over the country. "These sales are a great success," says Shilpa Shah, director, who is in charge of the group's advertising and sales promotion. "They evoke tremendous goodwill from consumers who are able to buy a wide range of our fabrics directly from us at modest prices." The prices are low because the fabrics are sold at mill rates and about half the items are "seconds" with minor flaws. Last year, the group sold nearly Rs.18 crores worth of fabrics in these spot sales, or nearly 10 per cent of its total turnover.

The enormous marketing success, founded on the solid bedrock of Praful Shah's creative energies, has today spun the Garden-Vareli group into one of the largest textile companies of the country with an unbeatable leadership position in the ladies' segment. The combined turnover of the group now exceeds Rs.200 crores with cash profits in excess of Rs.20 crores. The real surge in sales came in the early eighties when in a short span of just four years these grew five fold. Profits multiplied even more impressively. For the first time in 20 years since Praful Shah came on to the scene in 1966, the group found that it had the wherewithal to make major capital investments that would further sharpen its competitive edge.

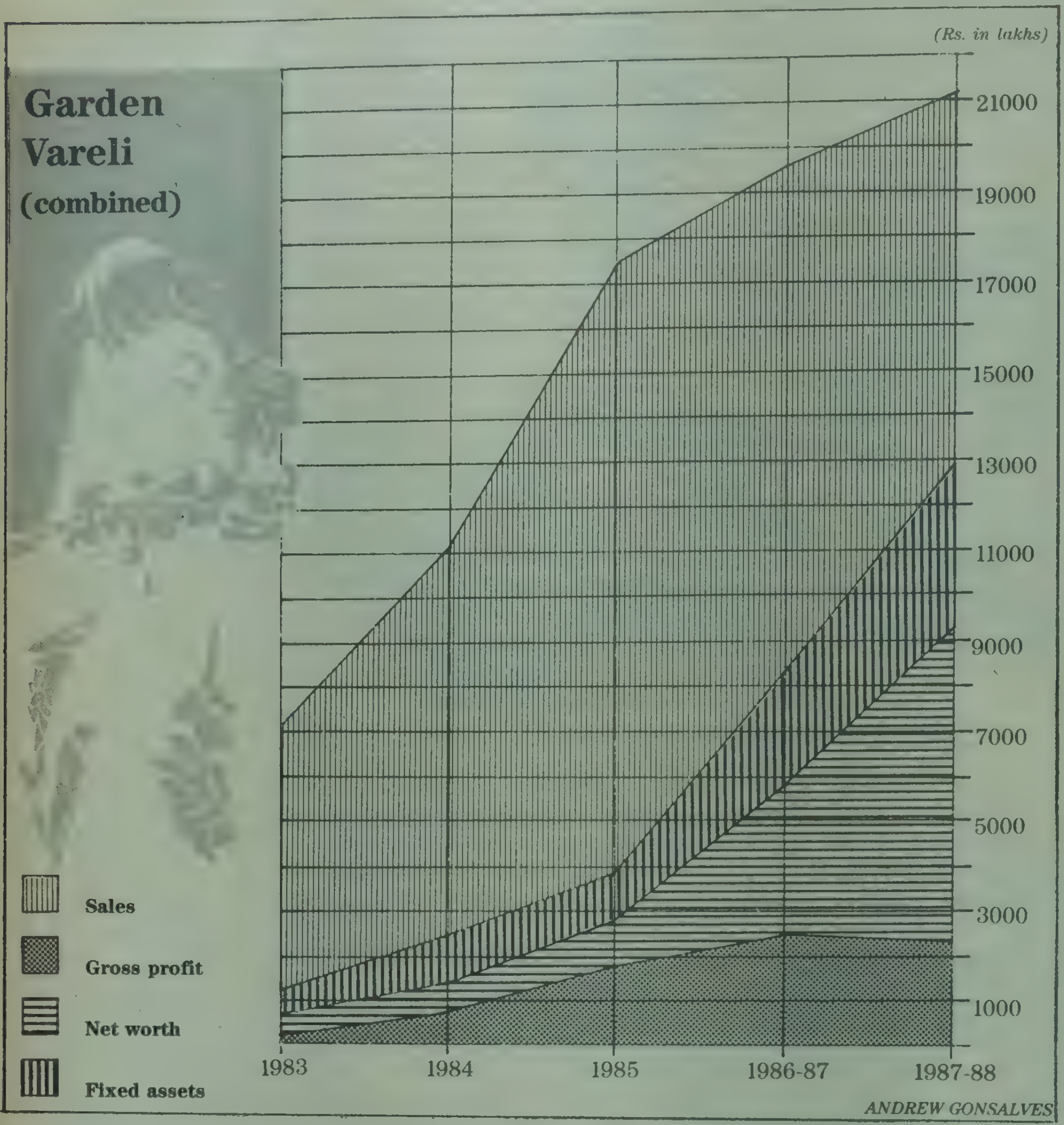
Until the mid-eighties, the major investments were made in fabric processing (dyeing and printing) and yarn preparation (twisting, sizing) equipment. In fact, Praful Shah's first task in the family business was the setting up of a processing house. Soon after he took charge as managing director in 1969, a locally developed flat bed printing machine was installed. Then many years later, in 1982, the group acquired at an attractive rate the all-important "zero twist" sizing machines (which bind the numerous filaments together into a compact yarn that does not loosen while being woven) at an auction held by the State Trading Corporation. In all, six Tsudakoma machines were bought. These enabled the company to produce the high quality fabrics of the mid-eighties like the de chines, which proved so successful. Recalls Sanjay Shah, director, who is in charge of production at the new, 100-acre Vareli complex near Surat inaugurated in 1982: "The sizing machines we got in the auction proved a turning point. From 1983 onwards, we could weave luxury fabrics because we now had the specially prepared zero twist yarns."

Sanjay Shah: zero twist sizing was the turning point

But what the group lacked was sophisticated weaving equipment so that fabrics of superior construction and flawless quality could be woven in-house. Until recently, over two-thirds of Garden's fabric requirement was woven outside and it was not possible to ensure perfection. Today, only a third is contracted out. Moreover, with the surge in demand in the early eighties, the company faced a capacity constraint in processing and yarn preparation too. So a strategic decision was taken in 1985 to go in for large capital investments to build adequate capacities in-house. "The major objective was that our superior design should be matched with a top quality fabric," says Praful Shah.

Accordingly, in late 1986, four private companies, Starlight Silk Mills, Novita Fabrics, Vareli Textile Industries and Vareli Exports were merged into one styled Vareli Textile Industries Ltd, which was then spun off as a public limited company. In November 1986, the company came out with a public issue of shares and convertible debentures aggregating Rs.10 crores, to part finance the installation of 500 modern looms, including the latest water jet looms. The "fashion is the issue" met with an overwhelming public response: the small equity offer of 11.5 lakh shares of Rs.10 each at a premium of Rs.10 was oversubscribed by a breathtaking 140 times. The main Garden Silk Mills was still retained as a private company. But only ten months later, after having tested the waters with Vareli, another five private companies, Prabhat Silk & Cotton Mills, Garden Print Centre, Garden Silk Mills, Special Weaves, Vareli Weaves, were amalgamated into one, Garden Silk Mills Ltd, which went public in November 1987. The company made a small offering of 3 lakh equity shares of Rs.10 each at a hefty premium of Rs.75 — the highest ever granted by the Controller of Capital Issues (CCI). There was also a simultaneous offer of partly convertible debentures worth Rs.40.7 crores. The objective again was to part finance the installation of 200 automatic shuttlechange looms and 200 shuttleless looms at Vareli. This "issue of our times" also met with an enthusiastic response: the equity offer was oversubscribed 91 times. Then five months later, Garden came out with yet another issue of equity shares in order to expand public shareholding to 40 per cent as required by the CCI. This time, 25.3 lakh equity shares were offered, again at a premium of Rs.75, aggregating Rs.21.5 crores. But this issue was only marginally oversubscribed. Together, these three issues brought in a huge cash inflow of Rs.79.23 crores, over half of it in the form of share premium reserves, which greatly strengthened the group's net worth and swelled its gross block.

But, today, in less than two years of the group going public, many investors feel let down. The results of both Vareli and



Garden last year (ended March 1988) failed to enthuse investors as well as stockmarket operators. While the sales of Garden moved up by a modest 10 per cent to Rs.156 crores, those of Vareli stagnated around Rs.56 crores. The operating profit (before interest and depreciation) of Garden kept pace with sales rising to Rs.23 crores, but Vareli's dipped from over Rs.9 crores in 1986-87 to less than Rs.7 crores last year. And net of tax, the profits of both companies declined with Vareli's showing a sharper fall. Not surprisingly, the price of the Garden Silk scrip has slid from Rs.160 last January to a modest Rs.65 last week, or Rs.20 below the issue price. Similarly, the Vareli share at Rs.35 has more than halved in value in the last 12 months.

Today, there is hardly any trading in the Garden or Vareli counters at the Bombay stock exchange. The general feeling in stockmarket circles is that the companies have failed to keep up the growth tempo after going public. "By February 1988, the management must have surely known that the growth in profits of Garden had slowed down," says one broker. "Yet they stated in the prospectus that growth in profitability during 1987-88 will be the same as in the previous year."

Then there was also a MRTPC inquiry last April into the alleged misleading of investors by Garden Silk in assuring a 25 per cent dividend for 1987-88 when it was not in a position to do so. The company has said in reply that it could comfortably pay out Rs.1.91 crores as dividend since its net profit for the half year ended September 1987 was Rs.5.95 crores (as published in the prospectus of the February 1988 issue).

Misgivings have also arisen over the two public issues being floated in quick succession, the first with a small equity offer and the second with a large equity size. "Didn't the company know five months in advance what its capital requirements were?", asks a financial analyst. "It would have been simpler and
cheaper to raise all the money at one go
Then the decision to merge Garden an
Vareli announced last July has also raise
the question why two separate publ
companies were floated to begin wit
one in late 1986 and the other as early a
last year. Such doubts are furthe
strengthened by the fact that there
considerable trading between Garde
Silk and Vareli Textiles and the tw
shares many common group facilities, r
sources as well as each other's bran
names.

Praful Shah and his senior colleague
are perplexed by such perceptions
their group companies. "There is no se
back to our financial performance," say
Gaurang Shah, financial controller an
secretary, Garden Silk. "There has been
slowdown in sales growth partly due t
the consolidation of the giant size w
attained in 1985-86, the slack demand fo
textiles since then, and the large capita
investments in weaving capacity last yea
particularly in Vareli." He admits tha
profitability has been affected, thanks t
the increase in the cost of imported Japa
nese yarn following the rise of the ye
normal cost increases that could not
passed on in a slack, a competitive ma
ket and the sharp jump in interest an
depreciation on account of the heavy ca
ital expenditure under way. But he poin
to the healthy absolute levels of opera
ing and cash profits in both Garden an
Vareli. "The interest, tax and divide
obligations take up only half our opera
ing profits," says Gaurang Shah. "O
companies are highly liquid, their ba
borrowings are low and retention
profits is high".

Further, Gaurang Shah explains th
Garden's second issue was timed just fi
months after the first because the co
pany preponed its decision to invest
yarn preparation equipment. "We we
impressed by the performance of t
sophisticated Japanese yarn preparati
equipment we had installed just befo
going public," says Shah. "Further capa
ity additions were a must and we thoug
the earlier the better in view of the risi
yen." Moreover, in early 1988, the ma
agement also decided to go ahead wi
the Rs.200-crore speciality polyester fil
ment yarn (PFY) project for which a le
ter of intent was issued to a sist
company (Jayashree Filament which h
since been merged into Garden) in 198
The idea was to increase the group's e
perience and presence in the process
yarn market before PFY manufactu

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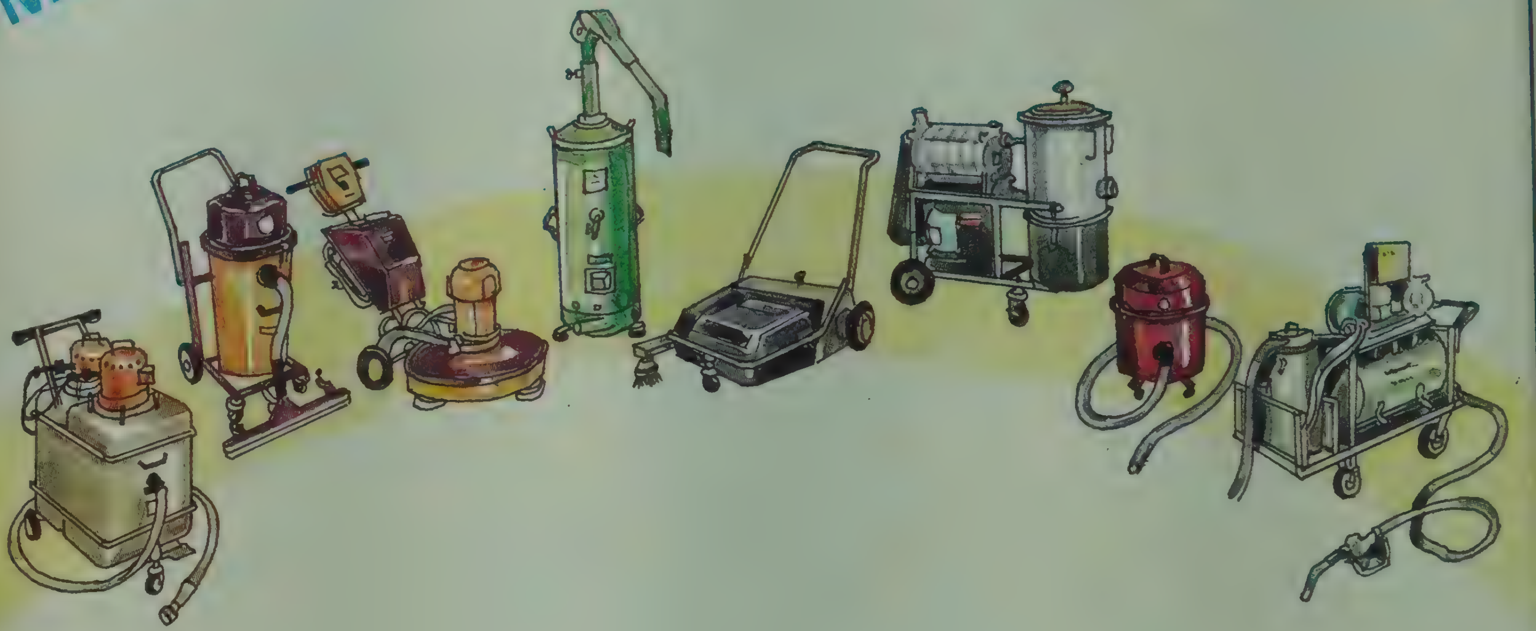

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MODIS

The mess gets messier

The Modis have, it appears, come to the climax of their boardroom battles. K.N. Modi has been replaced as chairman of Modi Rubber in a momentous meeting, but the arguments continue to fly and the issue has yet to arrive to a clear culmination

Delhi has acquired the blase big town. Even so, today, the mess in the Modis, is noticed by almost everybody. The warring factions have embarked on a blood letting spree that has put many a corporate battle to shame. It is open war and the battles fought in the confines of boardrooms and family fortresses is now fully a public matter. The matter of the Modis is a subject that bankers, government officials, professional managers and of course industrialists are greatly interested in today.

And yet, in a sense, the Modi mess has been around for a while now. What is attracting attention today, however, is the latest round of the battle. In, what could well have become a decisive setback for the sons of Gujarmal Modi, it is alleged today that they were on the verge of being ousted from effective control of Modi Rubber — even today (at a turnover of over Rs.400 crores annually) the acknowledged flagship of the entire group. This move which will be remembered as the battle for Modi Rubber, which took place on August 16 at Modi Bhavan in old Delhi.

What his detractors insist would have been a palace coup, by chairman K.N. Modi, did not however take place. Matters turned turtle and a majority of directors, ignoring the chairman's ineffectual attempt to dissolve the meeting, resolved instead to install R.A. Shah as the new chairman. Shah is a partner in the Bombay law firm Crawford Bayley, and an old Modi family confidante. He has been a director of Modi Rubber for over 10 years.

The exact facts are yet unclear. But it appears that, earlier in the year, K N was corresponding with some of the institutional shareholders about the management of the company and had increased representation for them on the board.

On 3 August, KN wrote to IFCI that the problems affecting Modi Rubber, due to internal family squabbles, could be sorted out by clear delineation of responsibilities. He proposed that he should handle finance and marketing, both key functions, V.K. Modi could manage purchases and public relations and B.K. Modi production, personnel and administration. He also proposed that he would coordinate all areas. He claims he sent a copy of this letter to all the other directors of Modi Rubber. He adds that this letter was in response to IFCI's communication expressing unhappiness about the running of the company.

At the time, the sons of Gujarmal were in the US attending to their ailing mother, Dayawati. They realised that any such change would give KN effective control of the company. They requested a postponement of the meeting, which KN refused and claimed that only "routine" matters would be discussed at the meeting.

KN's nephews, smelt trouble in the air. The changes proposed could in no way be termed "routine". They were well prepared for the meeting, obviously having taken appropriate legal advice. To KN's surprise, VK and BK, having flown back from the US (and having checked into a hotel to avoid KN knowing) turned up at the meeting.

According to the Gujarmal group, at the meeting one of the "outside" directors (ie, non-Modi and non-institutional) proposed that K N be removed from the chairmanship. Reason: family squabbles were affecting the company adversely; contrary directives being issued to senior executives; and VK, in-charge of day-to-day operations, being over-ruled by KN and vice-versa. According to them, all outside directors, including the representative of Continental, the German collaborator, voted for the resolution along with BK and VK. The three institutional directors abstained on the ground that such a major proposal should have been put on the agenda. According to them, KN was shaken by this majority ruling and had left the room. The institutional directors also left the room to consult the IFCI chairman, as they felt that KN could not be removed without their consent and concurrence in accordance with the loan agreements. Thereupon, the remaining directors appointed Shah as the new chairman.

K.N. Modi

However, according to KN, he had adjourned the meeting, after arguments about the agenda. According to him, the nominees of institutions would confirm the adjournment. Therefore, according to him, any resolution passed would not be binding.

The other group refutes the story of an adjournment and claims that the chairman had no powers to adjourn the meeting. They also argue that a non-Modi ought to be chairman in view of the quarrels and that VK is the only Modi competent to run the company on a day-to-day basis.

Arguments still persist today over whether KN has really been removed, whether he could be moved at all (as per article 115 of the companies articles) and when the board meeting had really concluded. The fevered pitch at which each side screams its version suggests that the entire matter is likely to go to the courts.

Of course, the next meeting of Modi Rubber (due on 5 September) could settle disputes completely by the appointment of a fresh institutionally backed chairman. Current indications are that the institutions will attain majority on the board by installing three more directors of their own over and above the three they currently have on the 12-member board.

If and when the meeting scheduled for 5 September takes place, some of the current clouds hanging over the last meeting of Modi Rubber should clear up — and it is likely that fresh power equations will come into play. But matters have now come to such a head that the institutions can no longer be mute spectators to boardroom tussles at Modi Rubber. As the largest shareholders, they must decide which way to vote. And the sons of Gujarmal, knowing KN's connections both with political big wigs and the institutions, probably feared which may the institutions might vote.

Which way will they vote, and will Modi Rubber unwittingly become the testing ground for a new brand of interventionism on the part of the normally somnolent financial institutions? If intervention is indeed to be the new order of the day, the big question is — what kind of management structures will the institutions bring in and install? And the biggest question of them all — where will the big business family that the Modis have long been, end up in the new management hierarchies.

There are several reasons for this quarrel. But the heart of the issue is ultimate control of the jewels in the Modi group. It is well known that Modi Industries had promoted Modi Rubber and Modipon which have really been the most profitable companies in the group. In fact, they have been used to finance almost all new start ups, including Modi-Xerox, and Modi Cements.

An analysis of the three main companies in the group shows how the power is really distributed In Modi Industries. KN, being the eldest male member, continues to be the titular head of the group, and is therefore chairman of the main companies. U.K. Modi controls steel and sugar while M.K. Modi (KN's son) controls vanaspati, electrodes, paints and few other smaller divisions. And M.L. Modi, one of KN's brother, the distillery division. Each is run virtually as a separate company. In Modi Rubber, VK looked after marketing and finance, BK looked after production, expansion plans and collaborations. D.K. Modi, KN's son, though designated president, has played a subsidiary role to his two cousins. Similarly, in Modipon, KK effectively controls finance and sales; while MK looks after production only. Godfrey Philips is really run by KK, who controls all commercial functions. MK, again, is officially vice-president and in charge of production, though he hardly performs this function.

.K. Modi

M.K. Modi

From this it is clear, that the sons of Gujarmal really have virtual commercial control of the major companies, even though KN is titular head of most. This arrangement worked well as long as KN and his sons got along well with the sons of Gujarmal.

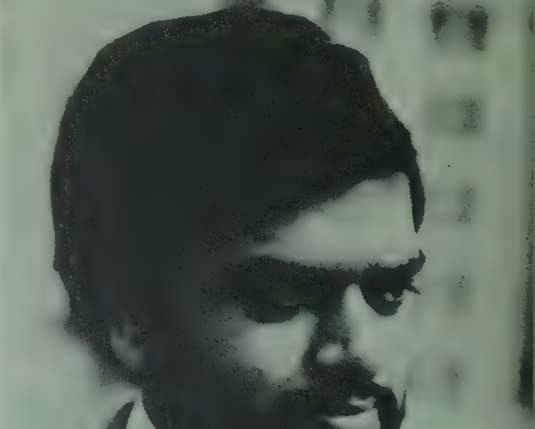
Last December, *Business India* wrote a cover story on the split in the Modis. At that time we traced how, in an earlier split, KN and the sons of Gujarmal teamed up to oust KN's other two brothers, M.C. Modi and M.R. Modi, and their children, from control of day-to-day management (even though they had virtually an equal share holding).

History has a way of repeating itself, except this time it is a struggle between KN and his sons on one side and Gujarmal's sons on the other. Neither side has an adequate shareholding in any company to oust the other by simple voting. The key are the collaborators, as well as the institutions. But, given the fact that institutions have been totally passive — or at any rate will do what the political masters dictate — the spoils will go to whoever is actual day-to-day charge, irrespective of his holdings.

The other main reason for this vitriolic battle for control is all a matter of cash say bankers who have been watching the Modi imbroglio with growing concern. Says one prominent banker, whose bank has gradually reduced lending to the group, "the big quarrel in many business groups is over the division of off-the-books cash". The intensity and the bitterness with which the battle for Modi Rubber is being fought suggests the same, say bankers who of course refuse to be quoted. It is in fact well known in most circles that Modi Rubber, which has had a splendid year, as also other tyre companies, has been a major source of funds for the group controlling the flow of cash in this giant company.

Industrialists also agree that the battle for off-the-balance-sheet cash is what makes the Modi battle so crucial. They too acknowledge that in most families the sharing of these spoils is what sour relationships between family branches. In this particular case, it is fairly evident that in Modi Rubber, for example, despite KN's presence as chairman, the key areas were the privilege of the KK faction which has two brothers currently at the helm of affairs in the company.

Indeed, control of Modi Rubber is apparently so firmly in the KK faction's hand that KN Modi is understood to be neither "signing" nor even "passing" authority for the companys finances, a fact which seriously hinders any attempt to monitor, leave alone facilitate, participation in the off-the-account-books activities that the company or family could potentially be profiting from. The biggest money spinner, in these terms at least, is Godfrey Phillips (GP), the cigarette com-



D.K. Modi

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ny which is today effectively controlled KK Modi and therefore also outside the N group's control.

Yet, and despite the alleged inability to e Modi group's biggest companies the N faction does not seem to be too badly ff. As one member of the KK faction ointed out, in tones of near envy, "Their ability (ie, the KN's sons') to create and anage large companies does not seem have bothered them at all. If anything eir lifestyles are as good as ours".

It is the opulent lifestyle that sets the ultitudinous Modi's out, even in garish ew Delhi. As one of the institutional irectors on a Modi company told *usiness India*, "The Modi houses have be seen to be believed."

The equally important reason that oth sides acknowledge is the fact that as he familes of the two brothers started rifting apart KN's sons have suddenly ound themselves saddled in charge of maller group companies or in ineffectual ositions in larger ones. With key functions of purchases, sales, and finance un- ler the control of their cousins. Besides N appears to be veering towards lesser nvolvement in the business of being hairman of the group and concentrating n philanthrophy and "religious matters". Worried that KN's paternal control f the group was slipping, his sons — and nost notably DK who is reputed to be a eritable firebrand — have been demanding some kind of a division.

Apparently, KN also realised that at his ge (66) time was not on his side. He nust have feared that if anything were to appen to him, his sons would be at the nercy of their cousins in all the major ompanies. Hence the urgency to effectively secure control of some companies at the earliest.

K.K. Modi

It is well known that KN and his sons have been insisting on a complete partition for some time. But the sons of Gujarmal have hardly been willing to give up either Modi Rubber, or Modiporn, or Modi Industries, or for that matter, GP. They were quite content to let KN be the head of the family and chairman, while continuing to arrogate key areas of operation to themselves.

All corporate observers believed that there was no way out except to divide the group. But how would such a division take place?

Division, while perhaps not an impossibility, is however an unacceptable solution say family members of the KK side. They do not see themselves losing any of the three key "companies" they currently control. And division that allows retention of one of these companies is what the KN side insisted on, and nearly pulled off.

The option that the KK faction suggests is an agreement whereby the group as a whole would put aside a sum (estimated to be Rs.30 crores) into an escrow account. Thereafter KN's sons can utilise the money to set up big industry.

This idea of a cash-kitty for KN's boys to seed their giant plans is, say family members, still in the nascent stage. But, both sides agree that such an arrangement is fraught with its own difficulties. The fact that the battle is less about new companies and more about sharing current cash flows is of course not acknowledged publicly by either side. In terms of new companies to be started, the fear is that while the Modi group seed money may be available as an offer at the moment, the problems of ensuring availability at the right time could be money.

And yet, as KK says, "Our father's philosophy for the group was always that money from the family would come in last — after the promoter (usually an individual Modi family member) had tied everything else up" — specially cash from collaborators and banks. Today, the grouse is that what is often demanded and lacking with the KN faction is the blueprint of big projects that can utilise the money. A logic that the other group says does not quite hold true since today's projects — often smaller — are indeed being pursued and often the cash requirements are more substantial than in the past.

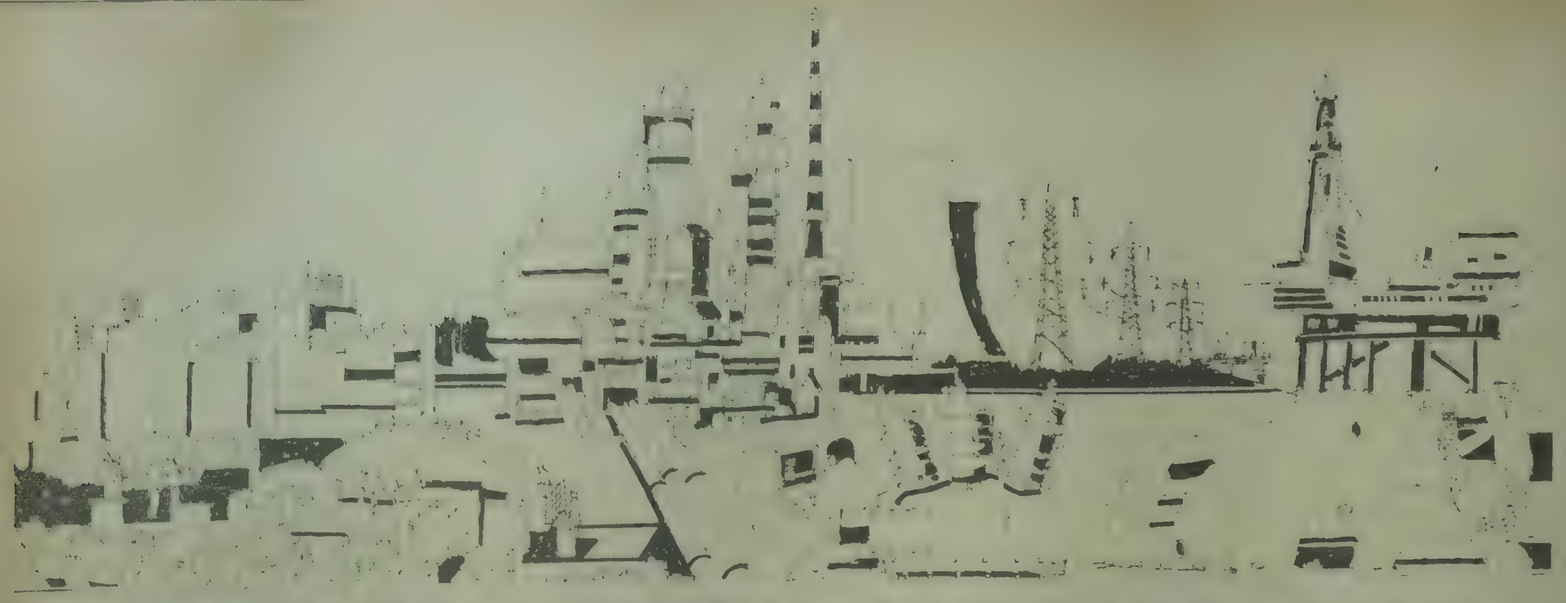
As it stands, therefore, the current face-off in the family requires the KK faction to back down from one of the prime companies — which they are not willing to. And, currently, their offer of a compensatory cash kitty of Rs.30 crores does not seem to be acceptable to the KN faction.

Most observers agree that the rot has got so far only because KN Modi had, for some time now, taken a passive role in the group. His sons are for example, flabbergasted by the manner in which outside independent directors (three of their prominent lawyers) have become KK faction supporters though they had come on as KN's friends. They also point out that these lawyers, whose firms have been retained by the KK faction are no longer independent and are playing partisan roles.

The Modi wars have also involved other prominent business families. The scope of the battle, as it is waged today, involves even the media, say family sources. It is alleged that KK Birla's paper, the Hindustan Times, has taken a partisan stand in the family feud, when Birla is supposed to have personally assured KN of neutrality. The reason, say KN supporters, is that Birla's grandchild is married into the KK side of the family. Equally important, they point out, is that the Bhartias (and therefore Shobhana Bhartia) are also connected to the KK side. Links such as these have made the current Modi mudslinging fest even more vicious than usual.

KN, on the other hand is supposed to have chosen this moment to strike because he knew that the KK hold on the financial institutions was weak, even if momentarily. The reason: with N.D. Tiwari's ouster from the finance ministry,

V.K. Modi



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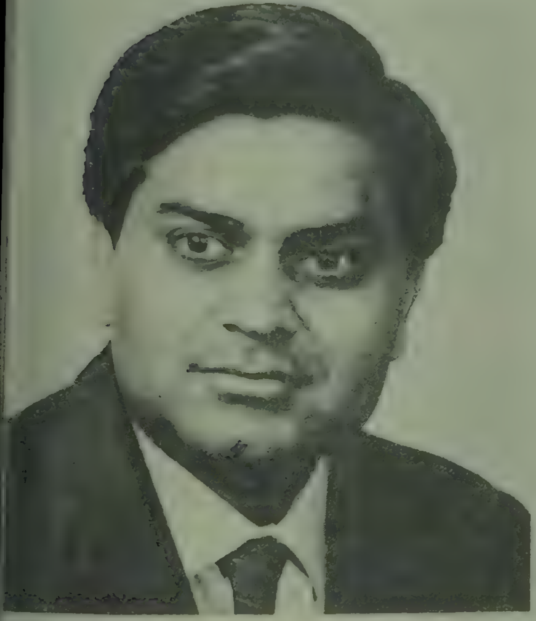
S.K. Modi

B.K. Modi

the clout that the KK faction had via industrialist Sitaram Singhania — who is also related to the KK group by marriage — was reduced. KN is therefore alleged to have used his considerable clout, built over 20 years of doing the Modi group's government relations work, to move in for the kill.

Add to this potent and complex mix the fact that the peace that broke out as a result of prime ministerial dictates seemed suddenly hollow. With the Lalit Suri scandal clouding Satish Sharma's fate, KN and KK knew that the artificial rapproachment brought about by Sharma's earlier meeting with the clan was not worth maintaining. And by all accounts, every portent seemed to be in favour of yet another skirmish. But, it turned out to be a battle over Modi Rubber — a company that the financial istitutions have majority control over. And thereby hangs the tale of the future.

The Modi group companies — and specially Modi Rubber — has all the qualities it takes to make it a superb possibility for a new brand of financial interventionism on the part of the institutions. For a start, the institutions have been readying themselves for such an eventuality for a long time now. In preparation for it, the numbers of institutional nominees on some old and most new Modi companies has been raised in recent times. Given the high reliance that the Modis have traditionally placed on institutional funds, most Modi companies offer vast possibilities for institutional domination of the boards.

The fissures have been developing for a while. It was only a matter of time that a full fledged scuffle took place. Even more significantly, it is now widely known that founder Gujarmal Modi's widow (and mother of the warring brothers) has now okayed the break up of the group which she had earlier pleaded should stay united at least in her lifetime. Escalation of hostitlities while she was at the Mayo clinic in the US could only have eased the pathway to this new resolve.

To make matters worse, the holdings that the Modi family has in most of their companies comes via a host of inter corporate holdings — which usually ends up with vastly magnified institutional leverage, held together with usually miniscule family investments of a direct nature. An analysis of the major Modi companies indicates that a web of intercorporate holdings gives the company the Modi dhobi-mark rather than any significant new investment. Therefore small shifts in the balance in the three key companies could change the control in the group as a whole.

To top it all, it is clear to everybody concerned that settling the current boardroom brawl in Modi Rubber holds the key to unveiling how this family battle can be settled. And, what imparts a sense of urgency to this task is the fact that Modi Rubber is currently a large and profitable operation which could go rapidly sick if board room battles stay at centrestage. With matters having come to a head, when the company's profits are high and headed upwards, the institutions would be in a spot if unpoliced by them, family battles rob the balance sheet of its shine.

In fact, though all the factors above suggest that Modi Rubber may be the ideal test case for the financial institutions to intervene, the very health of the company at the current moment also suggest that KN's move to change the allocation of work of managing directors was out of synch with what the company needed. It is the contention of V.K. and B.I. Modi, the two MD's who actually run Modi Rubber, that their step-uncle KN was reallocating portfolios merely to physically wrest control of day-to-day operations — with little concern for increased profits or otherwise.

V.K. Modi

While KN may have hoped for a smooth transfer of power (to himself) — since the opponents, ie, the five nephews, were in the U.S. nursing their mother — he insists that the 16 August meeting, which ended in a near brawl, would only have considered routine matters (like the reallocation of work between MD's). Though the KN group was caught unawares by the sudden return of the travelling brothers from the US, they claim that even as late as 15 August, attempts were made for a peaceful solution. The scenes of high drama before the board meeting with each family faction huddled in day and night long meetings culminated in the stormy 16 August session when KN Modi, outnumbered by a wide margin on the board, dissolved the meeting and stormed out, followed by the financial institution nominees.

Quite clearly, wresting control of a running company is not an easy task — nor one that will be allowed by most managements. This is the mess that the Modis have muddled into.

■

DILIP CHERIAN

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Faculty Leader : Prof. S Ramaswamy

HIGHLIGHTS: The identity of the Purchasing Function * The Industrial Purchasing Behaviour in India * Procedures, Forms and Records for Purchasing Vendor Rating * Make or Buy Decisions * The Art of Negotiation * Value Analysis and Standardisation * Purchasing, Inventory and Materials Management * Purchasing Budgets * Computers and Purchasing Management * Legal Aspects * Import Policy.

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October 25-29, 1988 : Majorda Beach Resort, Goa
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ION CARBIDE INDIA

elling a white elephant

more than two years, Union Carbide kept its Chembur plant in Bombay
n-operational because of fears it would face another Bhopal. Now there
indications that it is close to getting rid of the plant

long last, the giant dry cell manufac-
er, Union Carbide India Ltd (UCIL)
ms to have found some measure of
cess in its attempts to dispose of its
micals and plastics unit at Chembur
3ombay which has remained non-oper-
onal for nearly two and a half years
nce April 1986). For the first time, the
npany has asked for open bids from
erested parties although it decided to
l its Chembur plant way back in 1983
d thereafter talked to several parties
hout success.

The response to the company's sale
er is reported to be good; according to
ne sources ICICI which is handling the
ls has already received at least 12 bids
far. And in response to a request by
ne interested bidders for more time,
IL has extended the last date for sub-
tting bids by 18 days to 12 September
88. UCIL is also pursuing a case in the
mbay High Court asking for leave to
ut down the plant if the government
es not approve the sale.

"Sincerely speaking, given a choice, we
uld not like to close down the plant.
ing so would be a national waste as the
ant can save a foreign exchange outgo
around Rs.40 crores a year by pro-
cing 20,000 tonnes of LDPE and some
her important petrochemicals. Besides,
0 workers in the plant will lose their
s. Lastly, the plant is still technically
und and can be used productively and
fitably," says V.P. Gokhale, chairman
d managing director of UCIL.

The obvious questions then are: Why
es UCIL want to dispose of the Chem-
r plant? And why doesn't UCIL want to
n it if it is "technically sound and prof-
ble"? To find an answer to this paradox
will have to look into the company's
tory. The Chembur plant of UCIL
ich was set up in 1961, now has in-
lled capacities to manufacture 20,000
nnes of low density polyethylene
DPE), 5,500 tonnes of propylene, 2,000
nes of benzene and also some other
rochemicals. The company has the
est naphtha cracking unit in the coun-
started in 1966.

round 1983 Union Carbide Corporation of USA, the parent company of UCIL which holds 51 per cent of its equity, wanted UCIL to sell its Chembur plant because its polyethylene unit (which contributed 80 per cent of the Chembur unit's production in 1983) was using old energy-intensive technology which UCC had started discarding in favour of more energy-efficient methods. UCIL found an interested buyer in Reliance Industries Ltd but the deal fell through after the MIC gas leak from the company's agrochemical plant in Bhopal in December 1984. Besides, Reliance itself got licences to manufacture petrochemicals for which it had been trying for long.

The Bhopal tragedy, in the meantime, forced the various state governments to make a reassessment of plant safety in potentially hazardous plants. The pollution board of the government of Maharashtra set up a committee headed by R.K. Garg which in its report submitted in October 1985, recommended the relocation of UCIL's Chembur plant and five other units outside Bombay city.

"But moving our plant out of Bombay was an impossible proposition; it would have been very expensive to relocate the same plant. We would have loved to set up a completely new unit with larger capacities outside Bombay but we neither had the resources nor the sanctions for higher capacity because we are a FERA company," says Gokhale. The company shut down the Chembur unit in April 1986 for biennial maintenance and after dillydallying for many months decided to restart the plant in December that year.

Then came the Supreme Court's verdict in the Shriram Foods and Fertilisers gas leak case which made an entrepreneur absolutely liable for any damages caused by an accident in dealing with hazardous materials in his plant. Although the UCIL management claims that the Chembur plant is not hazardous in the sense that it does not use any poisonous chemicals, it was concerned about fire hazards as it deals with highly inflammable materials. "Our risk was even greater because hundreds of slum dwellings came up just outside our boundary," Gokhale says. So, finally the board of directors of the company decided not to restart the plant at all.

Gokhale: "only two options — either sell or close"

UCIL may have been justified in refusing to take the risk of re-opening the plant especially after the Bhopal case where the company will have to pay a huge compensation running into several hundred crores of rupees. But keeping the plant non-operational has been costing the company about Rs.50 lakhs every month for the last 28 months. This additional cost, coming as it does at a time when the company is facing poor demand and a fall in margin in its main product, dry cells, is milking the company dry. So UCIL was left with a situation where it can neither run the plant nor relocate nor keep it idle. "We are left with only two options now — either sell or close," says Gokhale.

Even after UCIL sells the Chembur plant, will it be free of all liability in case of an accident? The conditions of the sale take care of that. It will be mandatory on the part of the buyer to "fully indemnify UCC and UCIL both against any claims arising from or relating to any accident/mishap" says the prescribed offer form supplied by UCIL.

But if UCIL itself cannot run the plant or finds it too risky to run, why would some one else take it on? After all, the Supreme Court verdict will apply to anybody who owns the unit, in the case of an accident. The UCIL management feels that its plant is in fine shape from the point of view of safety; after the Bhopal

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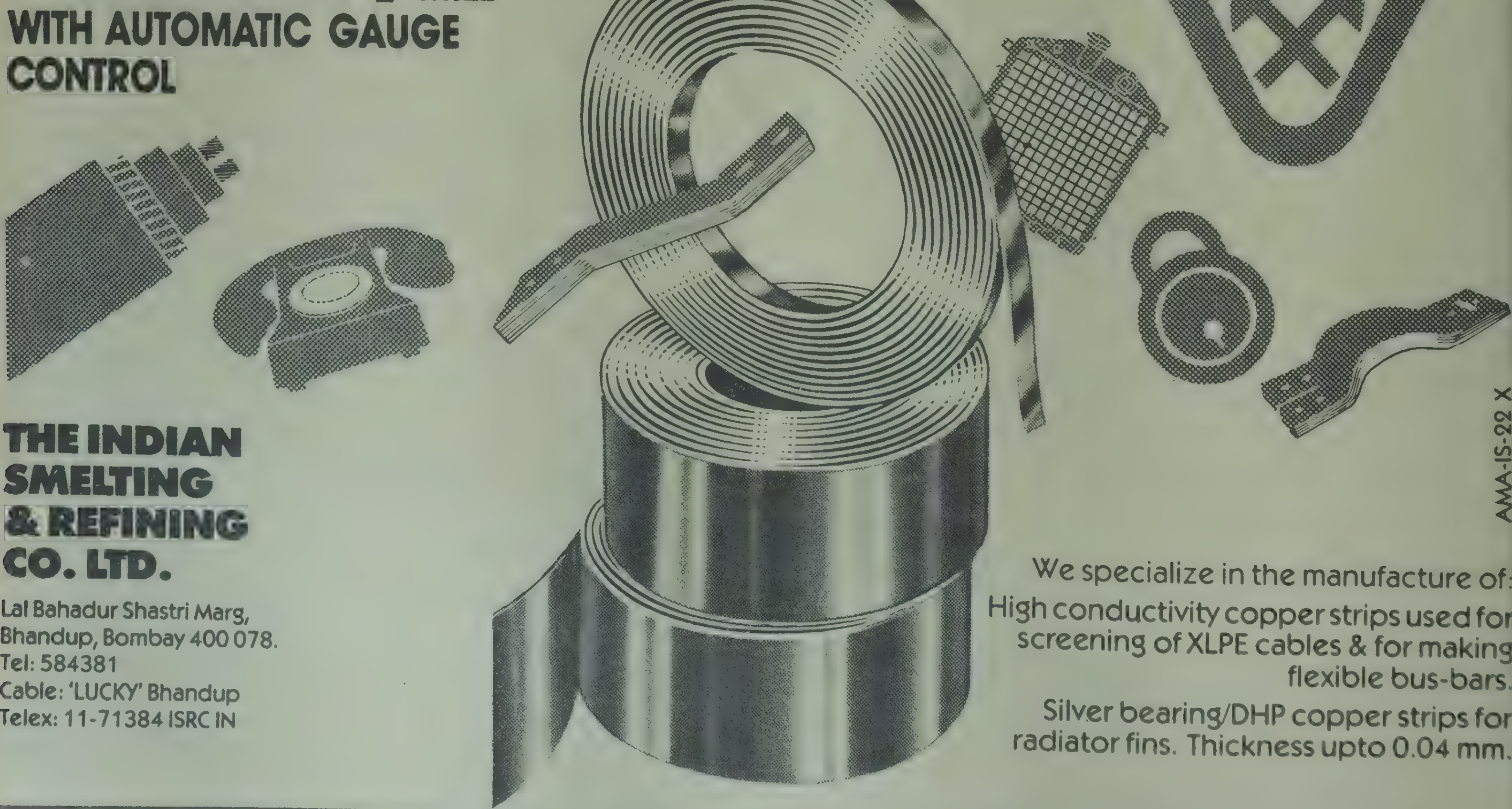

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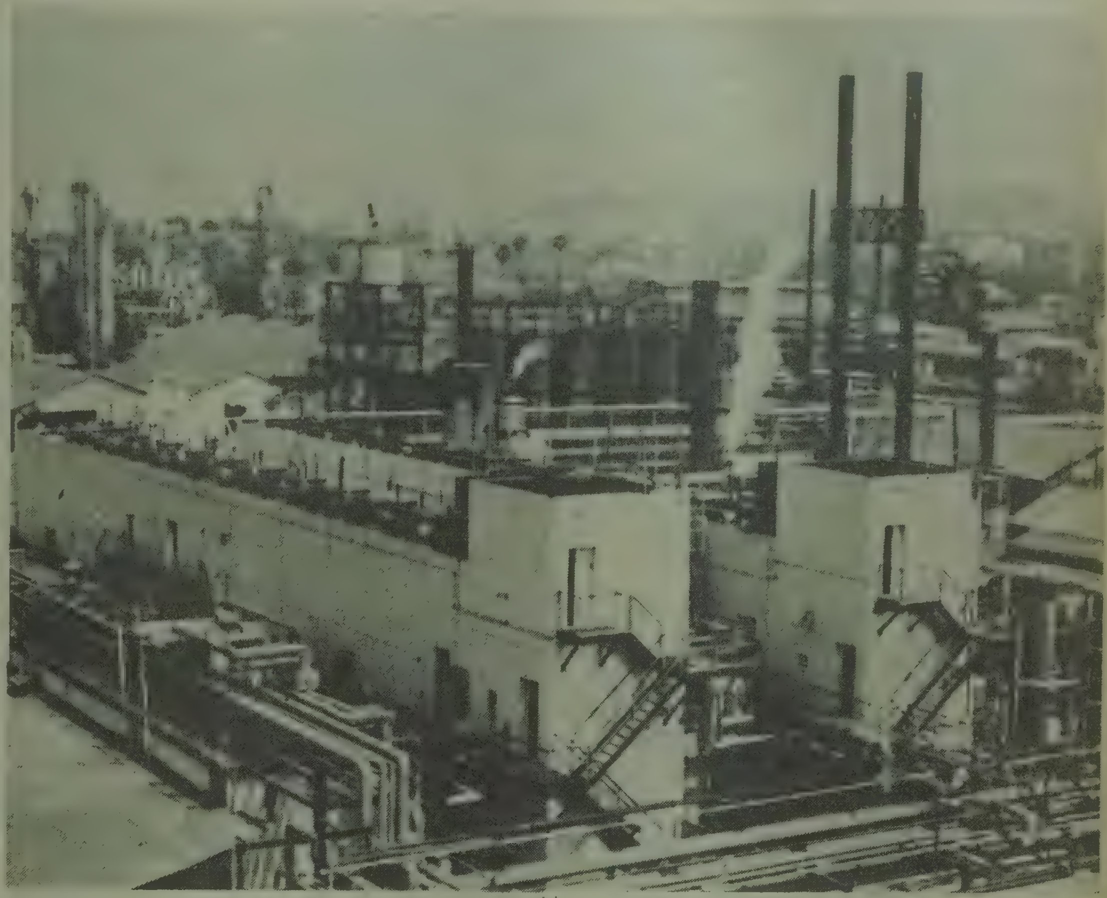
gedy it made some additional invest-
ents to ensure this. Besides, it is of the
inion that the plant is at least not more
zardous than the Polychem, RCF and
arat Petroleum plants located in the
me area which handle larger volumes
hazardous material. And above all as a
e-condition to the sale, the buyer will
ve to provide an agreement from Engi-
ers India Ltd (EIL) or a similar organ-
ation acceptable to UCIL to undertake
) certification of safety (b) supervision
start-up operations and (c) supervi-
on of continuous operations for a pe-
od of 18 months from start-up.

The safety risk aspect does not seem to
ave affected bids for the plant; there are
ready quite a few buyers in the queue.
ccording to one report, the Ludhiana-
ased industrialist, Abhay Oswal, of the
swal Agro group has already submitted
bid for Rs.65 crores. But this appears to
e a highly exaggerated figure; the plant
as a book value of around Rs.7 crores
nd Rs.5.5 crores worth of inventories,
mounting to a total of Rs.12.5 crores.
his includes the price of land. Even five
ears ago, when the book value was
igher, Reliance had made an offer of only
s.28 crores.

Without going into such speculation, it
an be said that the sale offers some
ttractive features. Firstly, whoever buys
he unit will get an easy entry into the fast
rowing area of petrochemicals. Al-
hough the plant has an LDPE capacity of
nly 20,000 tonnes (compared to IPCL's
0,000 tonnes), it can still make money.
DPE is in short supply and the price of
he imported product is more than that
f the domestic product because of high
uty rates. Besides, the Chembur plant
roduces a special grade of LDPE used in
ross-linked polyethylene cables (XLPE);
s market share in this grade is 70 per
ent. It also manufactures some spe-
iality chemicals like butanol and esters
r which there is good demand. Accord-
g to UCIL's own estimate (sent to inter-
sted bidders) the Chembur plant can
enerate a profit before tax of about Rs.10
rores per year. Nevertheless, since both
e plant and the technology used are
ry old, the buyer may have to spend a
uple of crores of rupees if the plant is to
n viably.

Secondly, if at a later stage the buyer
ants to relocate the plant outside Bom-
ay he can put up a naphtha cracker with
capacity of 300,000 tonnes and an
DPE plant with a capacity of 80,000
nnes per annum without obtaining a fresh licence from the government because the minimum economic capacity sanctioned by the government is 300,000 tonnes for a naphtha cracker and 80,000 tonnes for an LDPE plant. All that the buyer would need is an endorsement of the higher capacities. UCIL being a FERA company cannot do this, without clearances from government. Those are unlikely to be granted for a FERA company and more so for UCIL after Bhopal.


Carbide's Chembur plant: shut down for more than two years

However, for a new LDPE plant of large capacity the availability of feed stock could be a problem. The entire ethylene (the feed stock for LDPE) production of the Maharashtra Gas Cracker Complex (MGCC) being set up by IPCL at Nagothane, Maharashtra, expected to go on stream by 1991, has already been committed for the downstream units. Imports of ethylene may be allowed since the government has already permitted imports by Reliance Petrochemicals plant at Hazira, Gujarat. The government of Maharashtra is already thinking of building an ethylene-handling port at Jaigad in Raigad district of Maharashtra for the imported ethylene. Of course the plant will have to be located near the feedstock source, because due to the hazardous nature of ethylene it can be transported only through a pipeline, which would be expensive to construct.

The third and probably most attractive feature of the Chembur unit, is that it is on a 61-acre plot of land in a prime location in Bombay. The market price of the land could be between Rs.12 and Rs.15 crores. If the buyer can develop it as a residential complex after shifting the plant the returns would be phenomenally high. However, since it is in the middle of an industrial zone with many petrochemical plants nearby there are doubts whether the government will permit it to be used for a residential complex. On the other hand, the government of Maharashtra has already allowed Bharat Petroleum and the Maharashtra State Electricity Board to build large housing complexes for their staff in the same area so it may not have much ground for objection.

Whether as a backdoor entry into petrochemicals or as a source of real estate booty, UCIL's Chembur plant makes a good buy — if the price is right. For UCIL, the sale of the plant will mean a saving of about Rs.6 crores a year in wages and other expenses. Besides, it will bring in much needed cash which can be used to revamp the company's sagging bottom line; its profit after tax has dropped to Rs.4.75 crores in 1987 from Rs.8.21 crores in 1984 and the turnover to Rs.200.96 crores from Rs.224.47 crores. ■

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- **Consistent performance — unbroken dividend record in recent times.**
- **Professional management with an excellent track record.**
- **Indigenisation of Nissan engine and transmission components being used in 118 NE cars.**
- **Introduction of Premier cars with diesel engine to be manufactured in technical collaboration with Fratelli Negri Macchine (FNM) of Italy.**
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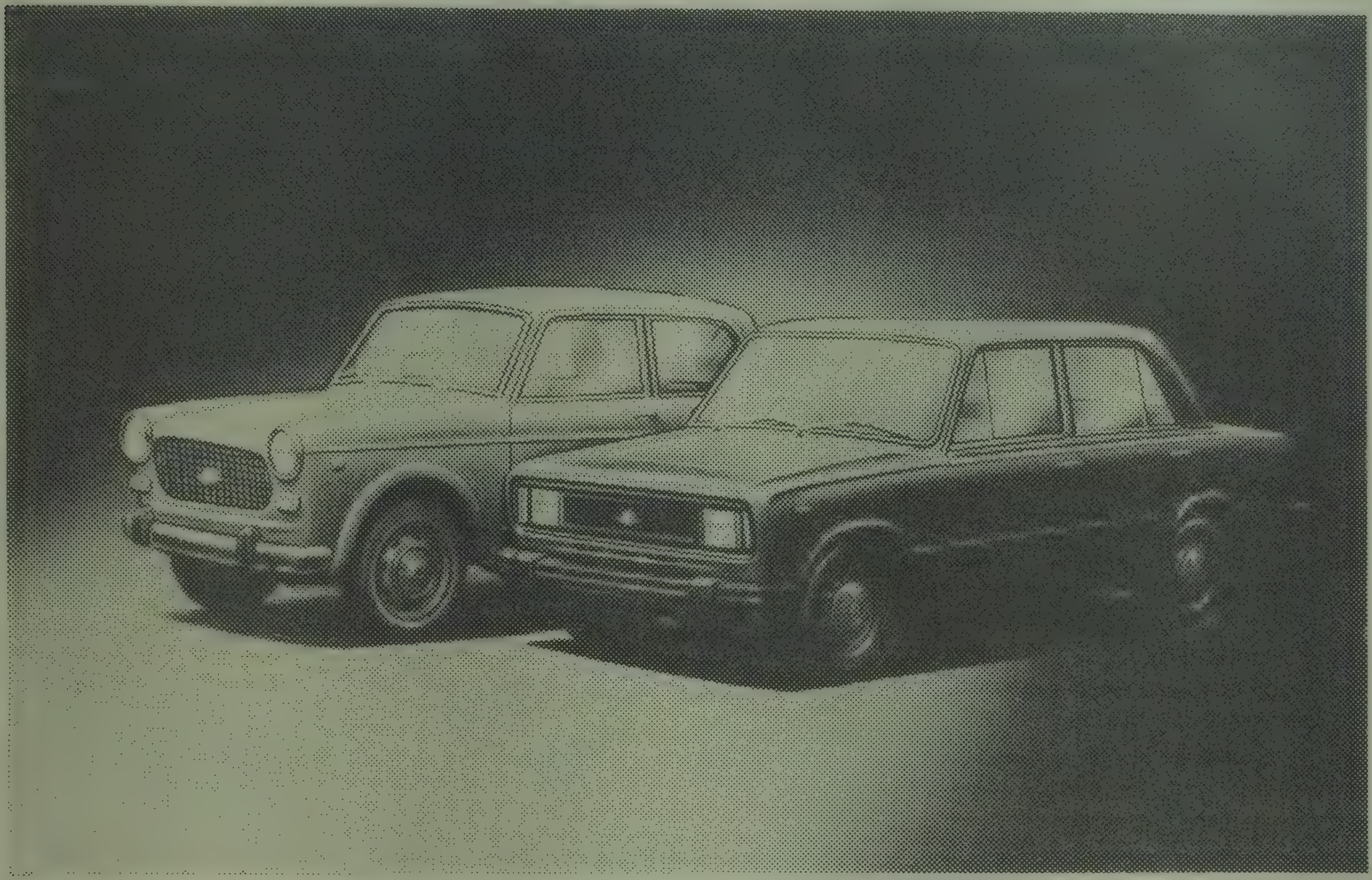

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LARSEN & TOUBRO

Who's eyeing L&T?

There has been much speculation about a possible change in management at Larsen & Toubro. Unfortunately the company and major shareholders remain silent.

When the board of Larsen & Toubro (L&T) met in Bombay on 26 August, its decisions were awaited with keen interest. The expectation was that the board would co-opt some new faces onto the board. What it did announce was a Rs.80-crore convertible debenture issue. The meeting put to rest rumours that a change in the management of the company was imminent.

Since June, there had been intense speculation about a possible change in management. This followed the sharp increase in the share price of L&T. While the price was around Rs.85 in April, by mid-August it had shot up to Rs.115. Trading volumes also increased dramatically — from less than 100,000 shares a day in April and May, to over 500,000 shares on some days in August. None of this activity conclusively proved that a takeover bid was actually on; on the other hand, there was no way to prove that there wasn't a bid. Under current legal provisions, a raider is not bound to declare that he is buying shares in a company. In addition, L&T has extended its accounting year to March, 1989. The company will close its books only four or five months after that, so there is no need for a large buyer of shares to actually register his shares until then.

So, neither the financial institutions which have a major shareholding in the company nor N.M. Desai, chairman of L&T, necessarily know what is happening. And if they have privileged information they have certainly not disclosed it. Unfortunately, N.M. Desai did not respond to *Business India*'s request for an interview. Also G. Chidambar, chief (investments) of Life Insurance Corporation, the largest shareholder in L&T, had "no comment" to make. This has focused attention in the market on four individuals who could be interested in buying the company. These are Dhirubhai Ambani, Manu Chhabria, Rahul Bajaj and Aditya Birla.

What makes L&T distinctive in the Indian corporate environment, and yet a target for takeover is that it has no major private shareholding, either Indian or foreign. The largest chunk of shares — 39.97 per cent — in the company as on 9 March 1988 was held by the financial institutions. There was a 2.47 per cent foreign holding. The Indian shareholding was widely diversified. The 50 biggest individual shareholders (including trusts) held 1.72 per cent and other corporate bodies 1.81 per cent.

N.M. Desai holds only 0.7 per cent of the total shareholding in his own name. Desai is due for retirement in March 1989 when he turns 65. But, he has not yet announced a successor from within the company, nor has he said that he will seek an extension. L&T, which has prided itself on its pool of top class professional managers and on its ability to retain such talent, has in the last two years lost two possible successors to N.M. Desai — B.G.N. Patel and M.H. Pherwani, both vice-presidents. Two other vice-presidents, D.L. Pradhan and C.R. Ramakrishna both turn 65 in 1989 and are due to retire.

Company watchers point out that not just anybody can run a company as large and diversified as L&T. In his four decade-long association with the company, Desai was groomed as a successor to Holck Larsen. In contrast to this, his own succcession plan remains unclear.

Henning Holck-Larsen, who started the company with S.K. Toubro in 1938, talked to *Business India* telephonically from Copenhagen. "L&T can only be run by a professional management," said Larsen. When asked whether Desai should groom a successor in the same manner that he groomed Desai, Larsen refused to comment. "It's for the board to appoint a successor," he said.

Anil Ambani, executive director of Reliance Industries Ltd (RIL), denies that the Ambani family has a single share in L&T. Ambani has never in the past grown by acquiring functioning companies. Corporate watchers, however, suggest two reasons why Ambani may be interested in L&T. Reliance's growth has been fuelled by a favourable political climate in Delhi. With uncertainty about the present government's political fortunes, Ambani may want to grow as much as he can under the present government. Also, there is a basic synergy between Reliance and L&T — L&T has been a major contractor of Reliance's Patalganga plant in the past and is expected to have a share in the construction of both phases of the Reliance Petrochemicals plant. Whether this is sufficient motivation for Ambani to move in is anybody's guess but the grapevine in Delhi has it that financial institutions have been given the signal to allow Ambani to enter.

The rumour in the corporate circles is that Ambani decided to enter L&T at the invitation of Desai to ward off a bid by Manu Chhabria. *Business India* attempted to contact Chhabria at his office in Dubai. He was, at the time, travelling in the Far East and therefore not available for comment. Chhabria reportedly acquired a 1.5 per cent stake in L&T sometime last year.

The Bajaj group too is rumoured to be interested in L&T. According to Rahul Bajaj he has not been buying L&T shares in any significant number. The fourth person reported to have an interest in L&T, Aditya Birla, also denies buying any shares in the company. While everything else is hazy, what is clear is that the role of the financial institutions is critical.

Today, anyone who wants to acquire even an 8 per cent stake in the company would have to fork out at least Rs.41.58 crores, assuming the price of the share is Rs.100. But even this would be a "dead" investment unless the institutions decide to let the acquirer play an active role in the company. The board has remained silent on the whole affair. It is its responsibility to lay down a clear succession plan so the company is not buffeted by the negative effects of uncertainty. The financial institutions, as public institutions, owe a duty to other shareholders to make their position clear. Only then will the general public be clear that no deals are being struck in private in New Delhi. Finally, it is for the financial institutions to decide whether L&T remains a professionally managed company or becomes another family-owned company. ■

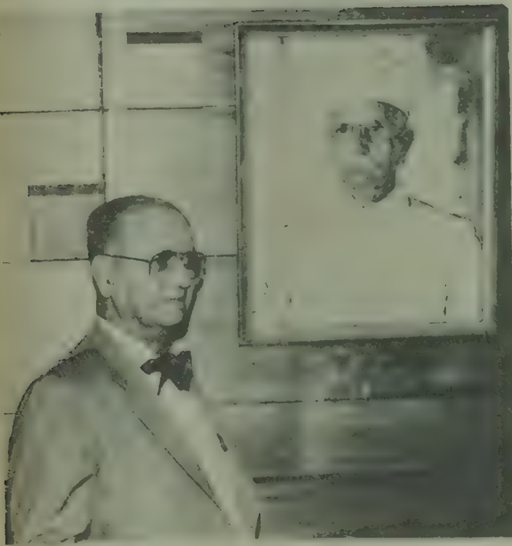
EAPEN THOMAS

100
KIRLOSKAR CENTENARY
1888-1988

KIRLOSKAR GROUP

The new inheritors

A few years ago, most corporate watchers had written off the Kirloskar group or at least the possibility of its continuing as a family venture. In quick succession, death had snatched the entire second line of the family. Today, in the hundredth year of the group's existence, the third generation of the family has firmly taken control of its companies which are once again turning out profits



SLK with portrait of Lakshmanrao Kirloskar

Around the twelfth of every month Shantanu Lakshmanrao Kirloskar (SLK) receives a floppy disk from each of the Kirloskar group companies. The disks contain data relating to inventory level, profit for the month, debtors, creditors, expenditure on employees, similar data for the previous year, budgeted figures and actuals for all the companies of the group — Kirloskar Electric (KE) and Kirloskar Systems (KS) (Bangalore), Mysore Kirloskar (MK — Harihar) and Kirloskar Bros (KB), Kirloskar Pneumatic (KP), Kirloskar Oil Engines (KOE), Kirloskar Cummins (KC), all in Pune.

Earlier SLK, who turned 85 in May, would ask pointed questions to the men who run these companies. But today, in the centenary year of the group it is no longer a regular feature. Which is more than an indication that those at the helm — Vijay Kirloskar (vice-chairman and managing director of KE), Atul Kirloskar (vice-chairman and managing director of KOE), Sanjay Kirloskar (vice-chairman and managing director of KB), Vikram Kirloskar (vice-chairman and managing director of MK), Vikram Gurjar (vice-chairman and managing director of KS) — are coming of age. Those companies which incurred losses show signs of making profits while the others move from strength to strength.

Says SLK, "They (nephew Vijay Kirloskar, and grandsons Atul, Sanjay and Vikram, and distant relative Vikram Gurjar) have done an excellent job and I can retire without any qualms."

For the new inheritors, it has been a baptism by fire. Barely out of engineering college with negligible experience, they found themselves heading companies with a glorious past but which were trying hard to cope with changed business conditions — demand recession, assault from the small-scale sector and the infamous excise raids of 1985. Along with Kirloskar Brothers, the oldest company in the Rs.700-crore (sales) group, MK, KO and KP were treading on unstead grounds and quickly becoming unprofitable. Kirloskar Systems found itself stuck in a mire of its own making.

Recalls Atul Kirloskar (32), "I rode a very fast learning curve during 1985-87 which were also the worst years in my life." As his brother Sanjay Kirloskar (30 puts it, "My father and uncle were both very ill around that time and only a couple of years had gone by since Rav Kirloskar had passed away." As a result SLK who was in semi-retirement had to return to the helm again.

Decisions were taken to place "the boys" in charge of various companies Vijay Kirloskar, currently number 2 in the group, had to take charge almost overnight after his father Ravi's death in 1982 Vikram Kirloskar went to MK, Atul was posted to KOE, Sanjay to KB; Gurjar had already joined Kirloskar Systems.

Fortunately for the group and the young Kirloskars, all the companies had a reservoir of talented personnel. As time went by each company made its own plans to arrest the decline, or to maintain growth as was the case with KE.

Mysore Kirloskar, which was limping along for three years, due to a recession in the machine tools industry, is looking up now. "In the current year we have a very good order book position — our pending orders for the next 12 months are 1.5 times more than in the last three years," says an obviously satisfied Vikram. In earlier years, the company's order books ran as short as three months. Large export orders from the USSR and a decision by Bharat Forge, Pune, to redo its machine shop, have turned the tide in favour of MK, the oldest machine tool company in India. "Now we can at least plan our production." Today MK is much trimmer after reducing its workforce from 4,800 to 3,990. "If this hadn't been done we would have closed the factory two years ago,"

SLK the grand old man

confesses Vikram.

An emphasis on marketing its products directly has also helped MK retrieve lost ground. The same is true of Kirloskar Oil Engines, Kirloskar Systems and Kirloskar Brothers. Both MK and KS depended earlier on marketing tie-ups with outside companies. Now, they have set up their own offices and appointed staff to sell company products.

"When I joined Kirloskar Systems in 1983, I changed the marketing set-up completely," says Gurjar. Previously everything used to be handled from Bangalore. It was decided to change this and decentralise marketing operations. Four regional offices were set up with regional managers in charge of each. "I send out guidelines and give the staff a lot of freedom to negotiate with the client. The idea was to have my people close to the customers," Gurjar explains. The company also introduced computerisation to shorten response time for executing orders. Sales of KS, which were valued at Rs.1.8 crores in 1983-84, went up to Rs.3.1 crores in 1985-86 and are expected to cross Rs.6 crores in 1988-89.

Keen market appraisal helped some of these companies introduce widely developed products. It also helped them adapt to changing technologies. For example, Kirloskar Oil Engines' bread-and-butter product is the 5 hp diesel engine. It has to compete with the small scale sector on "unequal terms". Owing to a variety of factors the company slipped from its leading position in this market in earlier years. In order to regain lost ground, the company introduced two new products, the 5 hp Waterpack for agricultural pumpsets and the 8 hp AV57 engine for larger pumpsets. The response is reportedly encouraging.

Kirloskar Systems (formerly Kirloskar Asea Ltd; the collaboration ended when Asea, Sweden, decided to set up its own switchgear factory in India) went through similar events. Foreseeing a possible decline in demand for minimum oil circuit breakers (MOCB) it decided to buy technology for SF-6 circuit breakers from Alsthom of France. "It was actually the late C.S. Kirloskar (eldest son of SLK, who was managing director of Kirloskar Cummins) who told me in 1984-85 that we would have to update technology in order to survive," says Gurjar. Today the company has no orders for its older product but the Hebbal plant in Karnataka

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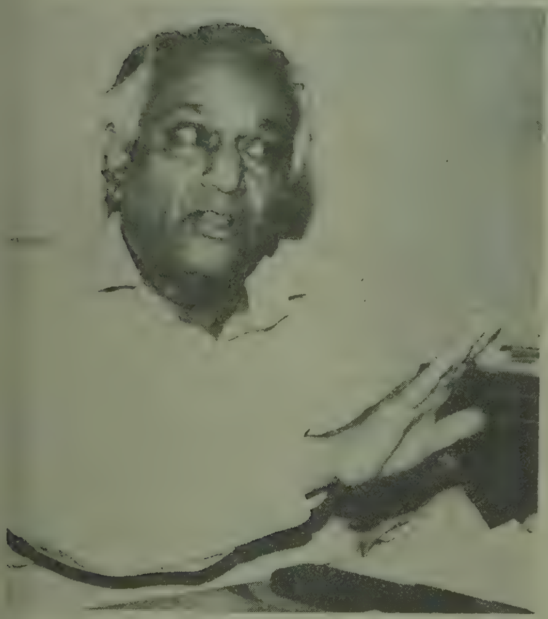


Gune: *"looking ahead"*

Vijay, Sanjay, SLK, Vikram and Atul: the king and his council

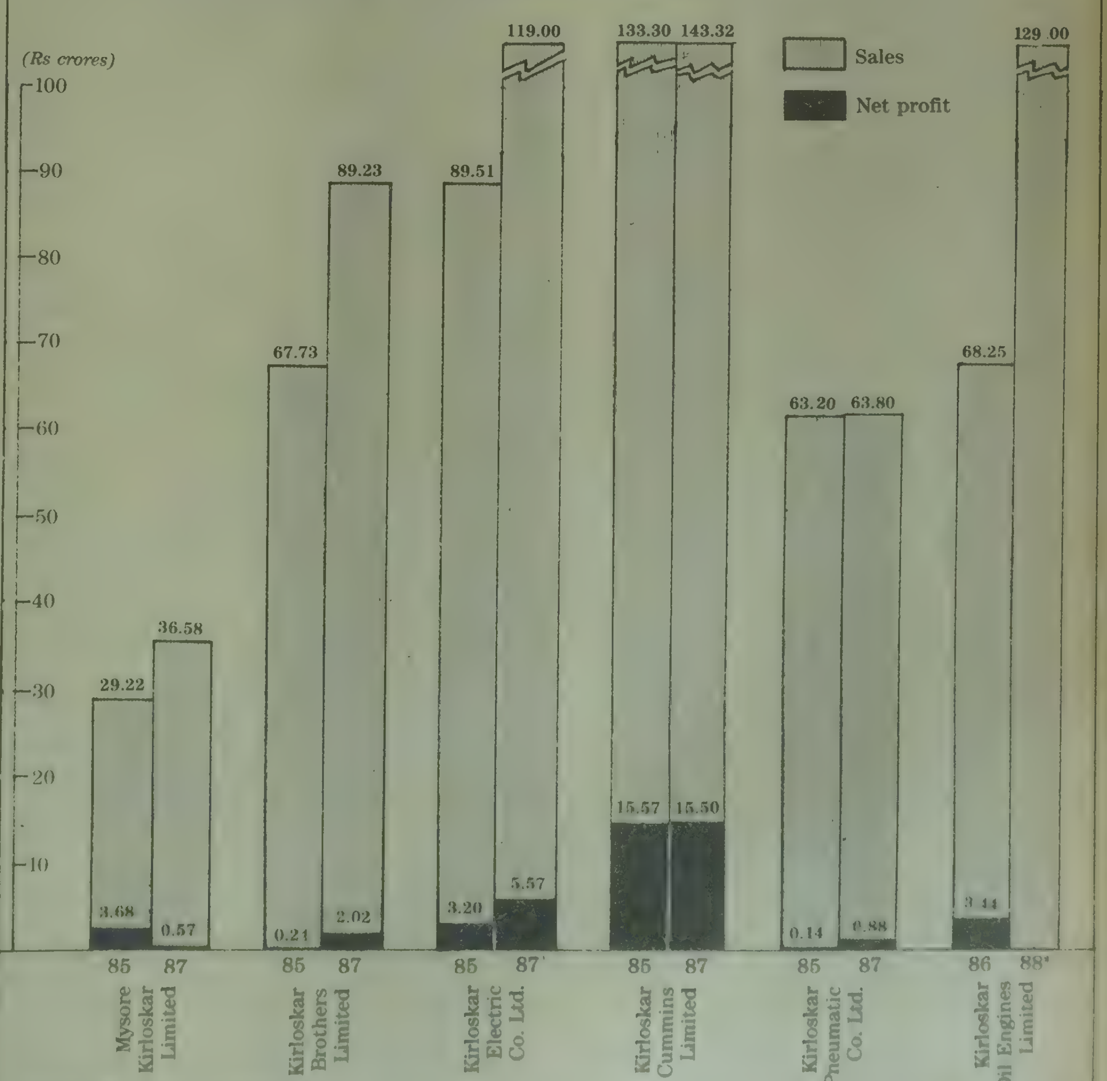
has already started supplying the more economical SF-6 breakers to customers.

However, Kirloskar Cummins was the one company in the group that has have a record of consistent profitability. After a shaky start in the late sixties the company which makes large size diesel engines, has had an unbroken record of paying dividends over the last two decades.

However, this company has also had its own share of problems and was in the news in the last few years, unfortunately for the wrong reasons. SLK had joined up with his MIT room-mate, Cummins, to form this company almost in story book fashion. However, a few years ago corporate observers were speculating about the relationship between Kirloskars and Cummins of US. Although Arun Kirloskar (no relation of the family) who took complete charge after the death of CS, was a protege of SLK and till today swears blind loyalty for SLK, corporate circles continued to believe that all was not well in the partnership. They point to the fact that after Arun Kirloskar ceased to be managing director, (he continues to be chairman) another outsider R.V. Ramachandran was appointed in his place, rather than a family member. Both Ramachandran and Arun Kirloskar stoutly deny any rift and refuse to be drawn into any such discussions; as do other family members. On the contrary they point out that KC has big plans and intends to maintain a competitive position. The decision by government to set up a diesel engine plant, in collaboration with Komatsu of Japan, under Bharat Earth Movers, who have traditionally been one of their largest customers, has certainly been a set back. But apart from representing against this decision, KCL has applied for permission to assemble trucks, which would use their engines.

Meanwhile Kirloskar Brothers which manufactures among other things, compressors, was having a tough time grappling with its own problems. The Karad unit had been making losses for some

The Kirloskar group: a financial profile



* *estimated figures, results not published yet*

time. By 1981, total accumulated losses were Rs.12 crores. In the early eighties, more and more small-scale industries began manufacturing air conditioners. "By improving our product and offering better after-sales service, KB could get into this market. We had not paid much attention to this market earlier as we had quite a large marketshare of compressors for the refrigeration market," says Sanjay. Approximately 70 per cent of all compressors were then used in refrigerators. Today the ratio is reversed and 80 per cent of the compressors made by KB are bought by small-scale air conditioner manufacturers.

With most of its problems behind it, the company is concentrating on new projects. It has signed a joint venture collaboration with Godiva Fire Pumps Ltd, UK for making small range fire extinguishing pumps. "These are portable sets which will find a good market in this country given the number of tragedies that we see here," says Sanjay.

Another project is Kirloskar Ebara Pumps Ltd which is a joint venture with Ebara Corporation of Japan, the largest pump manufacturing company in the world. "We were Ebara's competitors in the South East Asian market. When they found that they couldn't get orders in India because of us, they approached us with a proposal for working together, which we accepted," says Sanjay.

The strategy that succeeded in putting Kirloskar Pneumatic back in the black is a good example of a revival plan that is working. In 1982-83 after Kirloskar Tractors began making huge losses, it was amalgamated with KP. But the amalgamated company proved difficult to manage and Kirloskar Pneumatic started incurring losses. In 1985, shortly after Srikant Kirloskar, who ran KP, passed away, P.D. Gune was brought in from KB. A salvage plan was drawn up. Figuring high on the list of measures envisaged were a voluntary retirement scheme and the disposal of non-productive assets. After these were implemented, the company returned to the dividend list in 1987.

Says Gune, "We are looking ahead with several new projects. These include the

"SLK an unworthy person won't last"

On government's current attitude towards the private corporate sector.
I think government is gradually changing its mind. It is realising that it has been following a wrong objective. The changed attitude is beneficial to the country.

On the actual changes in government policy.
Government has liberalised controls; it is loosening restrictions by broadbanding products in various industries. For example, Kirloskar Oil Engines could formerly make only 5 hp engines and we got separate permissions to make 10 and 30 hp, engines. Today, they say if you make engines, they could be of any size. That gives me certain liberties to do as I like.

On competition.
I think everybody has got to be ready for competition. It is unhealthy to avoid competition.

On government policy towards the small-scale sector.
I can't visualise the idea that small scale is any different than medium scale and medium scale is any different than large scale. A lot of these terms are political terms. To me, industry is industry. Problems in large industry are no different from those in small industry. We start with a certain understanding and then we create a problem. The small scale is not a weak sector. What makes you think it is weak? In my view it is more an ignorant perception.

On incentives granted to the small sector.
It has created more problems for the economy. This type of distinction between big and small has led to corruption and black money generation. There are any number of small-scale industries which have stopped growing because of this process. Actually, by natural logic they should keep on growing when they make a good profit. But there is a disincentive built into this policy, and it prevents growth.

On planning succession in the group.
I would like to see a Kirloskar head the group. It would depend on the person's capacity. If an unworthy person comes in he won't last.

On the current crop of Kirloskars at the helm.
I am very happy to tell you that our choices have been excellent. Vijay my nephew who heads Kirloskar Electric; Atul, Sanjay and Vikram, my grandsons, have shown promise and delivered. I wouldn't have said this three years ago.

On unrelated diversification.
We are an industrial machinery group. We have stayed away from unrelated diversification. It is very simple — we want to be in areas with which we are familiar. We know this is good for us.

On the next phase.
As long as there are controls it will be difficult for me to say what our next move is going to be. We may be putting a few irons in the fire, but I don't know which irons will get hot first. For example, gas turbines, aeroplanes, electronics.

On corporate planning for the group.
We don't have one plan. We don't plan for the group as a whole. Each individual company is separate and plans separately. We have annual budgets based on certain expectations at each company level.

On corporate splits.
It is a trend. We always worry about how to keep the group together. Individuals do change, you know, and in some cases it may be good for a group to split.

On what has kept the Kirloskars together.
The moral authority that I exercise. I know the people at the helm today and yes I am also there. When I am not there I would not know how the same people will behave. We hope, by and large, that the group will stick together.

On any controlling factor.
There is no controlling factor and we don't have any holding company concept. Shareholding in group companies is at the individual level. But we may develop a holding company concept later.

On learning from hindsight.
In the present circumstances I would say that if an entrepreneur wants to start a company he should go in for full equity financing and not depend on loans.

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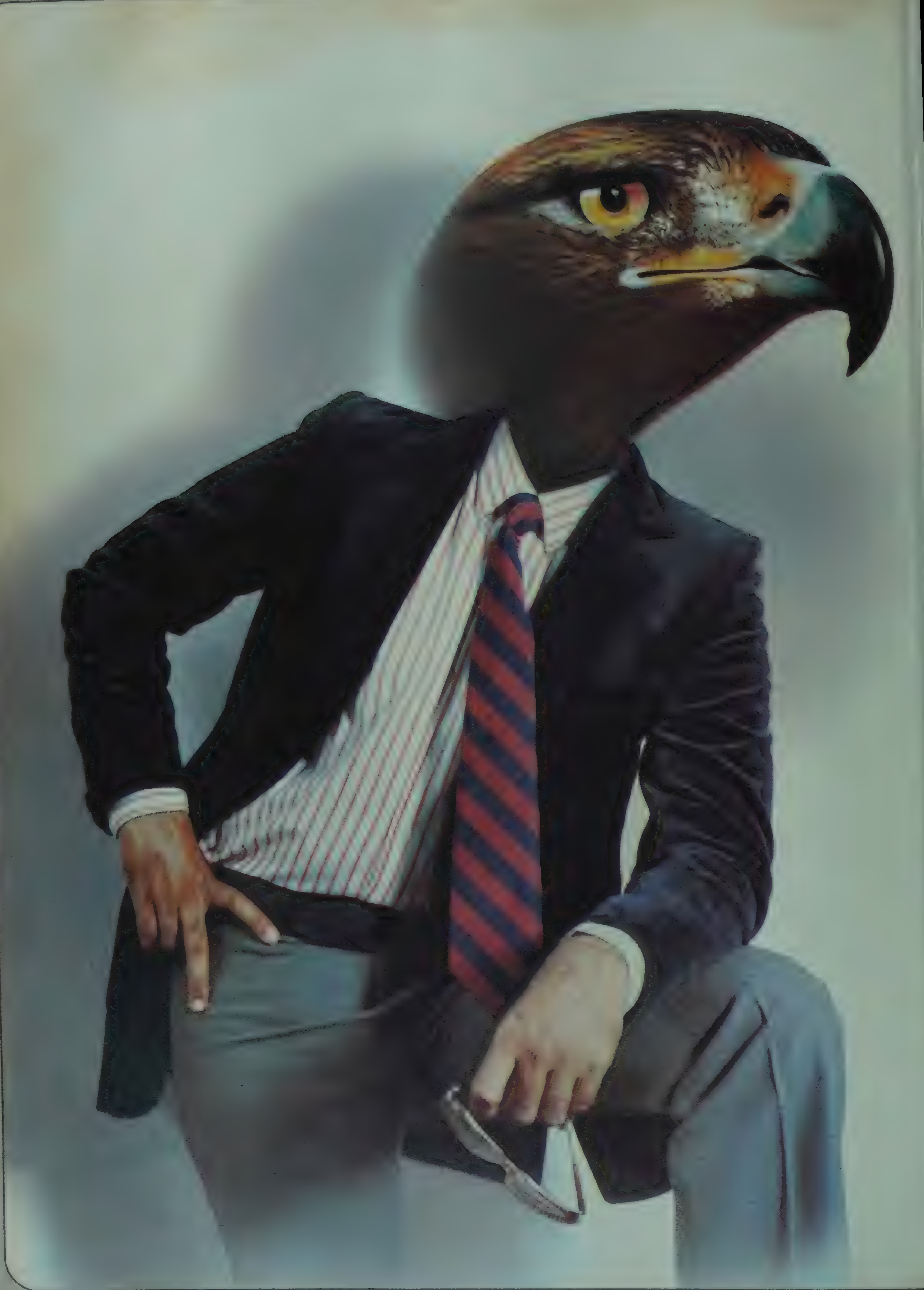

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manufacture of centrifugal air compressors, gas compressors, packaged vapour absorption units, and industrial gear boxes, for which we have signed various collaboration agreements and received government permission." Gune expects a 15 per cent accumulative rise in KP's sales. "By 1991 our turnover should cross Rs.100 crores," he says.

Hard work, long-term commitment and a hands-on approach to seeking solutions have collectively enabled the new inheritors to tide over the rough patch that these companies encountered. There can be no gainsaying, however, the part played by SLK in keeping the group together and being available for consultation. Says Atul, "We have turned to our grandfather whenever we needed help and he has always made a tremendous contribution."

In its hundredth year of operations, the main link between the origin of the group and the aspirations of the young management remains the octogenarian chairman, S.L. Kirloskar. If the links are firm it is perhaps due to his moral authority over the group.

Mrinalini: hadn't thought of business

While the new generation has demonstrated that it has the capability to steer the companies out of cyclical fluctuations, the question is, will it be able to take the companies into newer and high profit margin areas? "One of the obvious failings of the group is a major presence in products where the government has been a big customer," says a former employee of a group company.

While there has been growth, it has been slow in coming. The perception of

"Young and a little impatient"

Vijay Kirloskar *(37) was named the successor to SLK in 1987.*

On the most important aspects of the group's performance over the past 100 years.
The most important point is that we have stayed in engineering, which includes software development, welding, large engines, large electrical rotating machines, larger pumps. We are concentrating on exports. I think we are quite upbeat right now.

On whether an overall plan for the group would ensure some kind of synergy, and whether resources within the group are being optimally utilised.
I think these are buzz words, frankly. Our management style is formal and informal, depending on the individual companies. Each company operates as an independent profit centre, and decides its own product lines. We do believe in corporate co-operation in the group. We are trying to develop certain types of gensets together with Kirloskar Oil Engines, pumping sets with Kirloskar Brothers and special CNC machines with Mysore Kirloskar. So there is a lot of interaction.

On future investments in the group.
About Rs.20 crores to 30 crores in the group every year.

On plans to double group turnover.
Each company has plans to grow. Kirloskar Electric plans to reach Rs.200 to 250 crores in an another two to three years. We are about Rs.140 crores now. We hope to take advantage of various opportunities. For example, we have developed our own UPS (uninterrupted power source) for computers, machine tools controls, etc. I think we can do well there. This (increase in turnover) will be achieved by new products, and new applications for existing products.

On the long term objectives of the group.
One is to stay in engineering, and engineering-related industries. Basically, we have the management expertise, even if we want to diversify into other areas, maybe petrochemicals or insulation materials.

On any areas which are currently being seriously considered.
Many. We are going into UPS with Toshiba, into inverters with Fuji Electric. This year we will introduce UPS and computers.

On Kirloskar Electric's performance?
Well, I am young and a little impatient. But generally, I am happy with the performance.

On the current thinking in the group about a successor to S.L. Kirloskar?
Now we have a successor. Which is going to be me. There's no doubt about that. We have all taken a decision with the consensus of the whole group, and it has been accepted. My entry is gradual so that we don't shake anything up. But I think over a period of time probably, my style will show up. It may be similar to S.L. Kirloskar's but probably not the same.

On the prospect of professionals managing his companies?
Professionals will play a part and we do have professionals in our group today. Family members look at more long-term issues. I think we still have to have a happy blend of professionals and family members.

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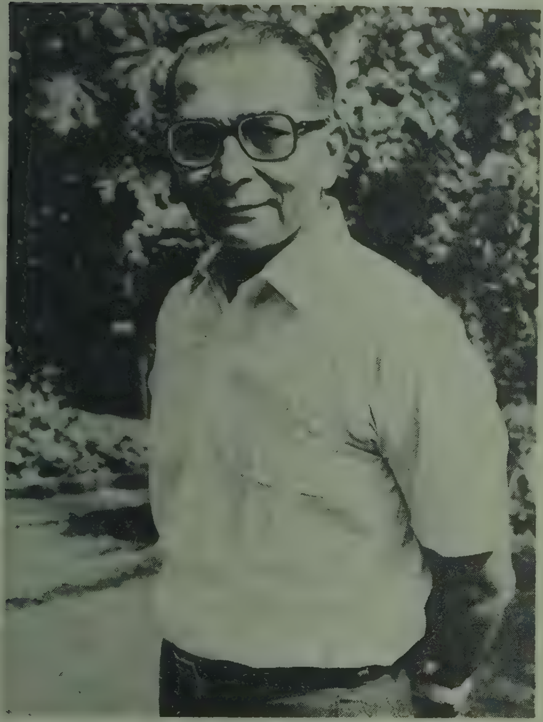


Arun Kirloskar: totally loyal to SLK

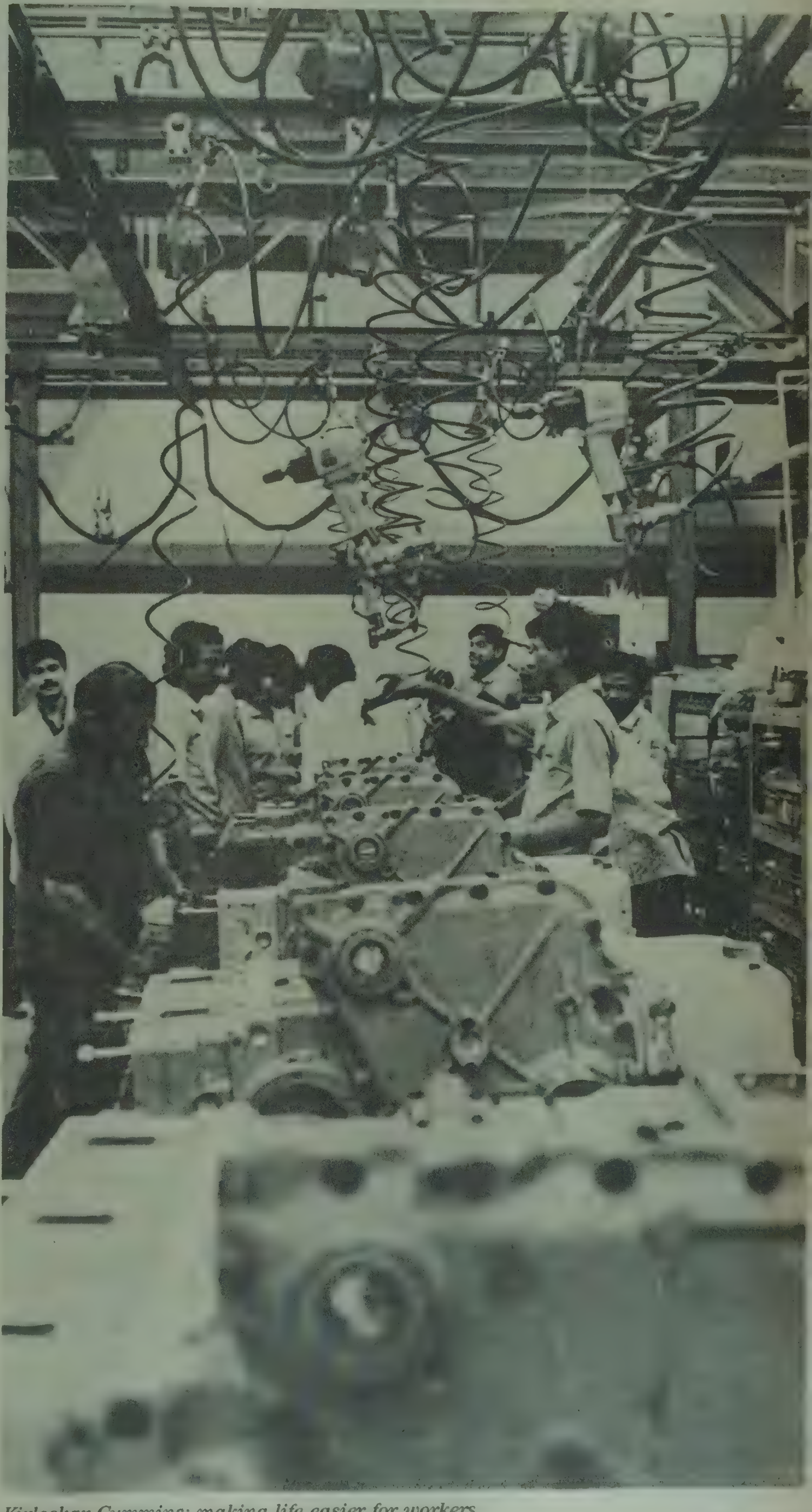
planned growth and corporate co-operation is quite different in this group. "In the past there have been cases of corporate co-operation. By and large, SLK did not interfere with the running of the companies in Bangalore, and the reverse was true of Pune," says the former employee.

But that is changing. Today every company is talking of joint ventures with other companies in the group. There is also a broadening of outlook at the top level. This was evident from the appointment of the only lady managing director of the Kirloskar group in 1985 — Mrinalini Kirloskar (SLK's daughter-in-law) who is currently vice-chairman and managing director of Poona Industrial Hotel Ltd, owners of the Blue Diamond Hotel, Pune. Like the other younger Kirloskars, she came in at a moment of crisis. "Earlier, business was not something I had thought of as I had other responsibilities as a housewife," says Mrinalini.

The new generation, however, is unwilling to shed old traditions in its quest for growth. For instance all of them abide by the kartha system of management, where there is a titular head. They are not willing to entertain any ideas of a group split.

It would therefore be correct to say that the basic principles of the group that Lakshmanrao Kirloskar founded a century ago are in place. So, it is more than likely that the clutch of companies under the Kirloskar banner will stay together through crisis and prosperity.

■ BASUDEV DASS



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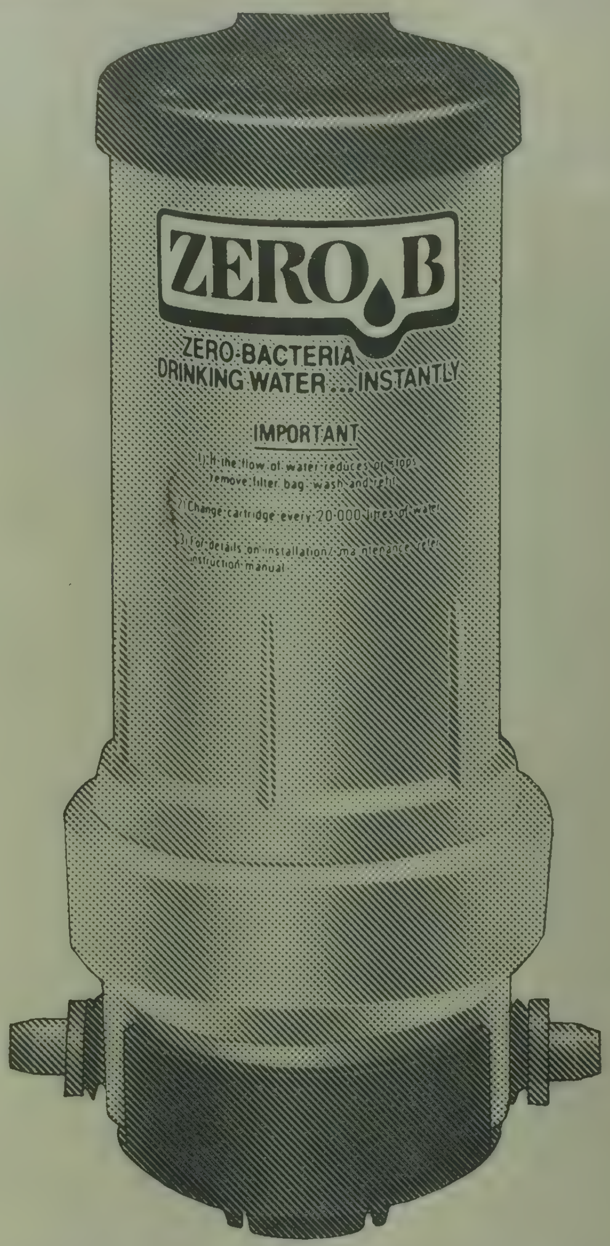

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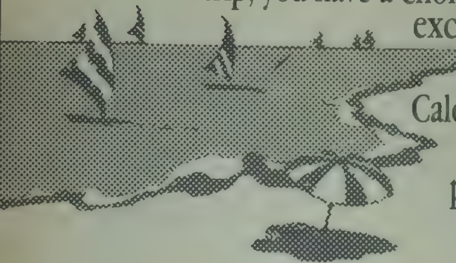

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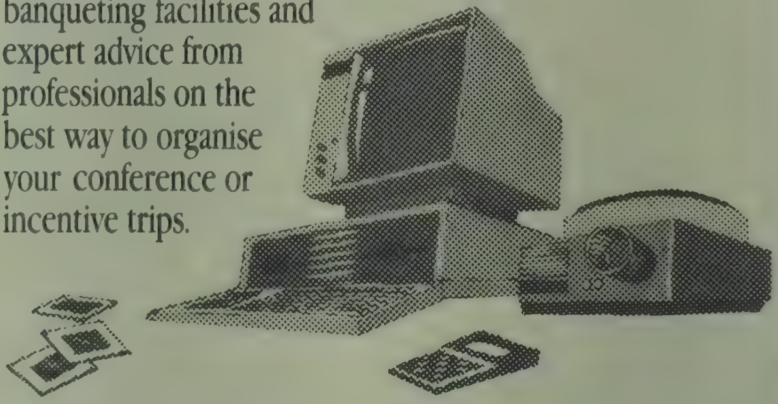

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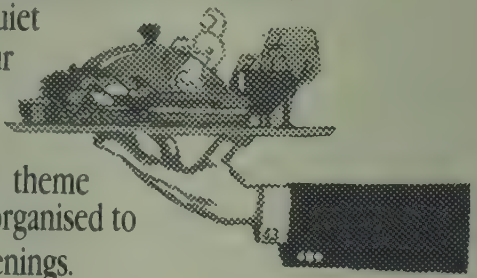

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Pawar's perestroika

Sharad Pawar is a man in a hurry. The chief minister of India's most industrialised state says, "I have very little time to do a lot of things," referring obviously to the fact that elections will be held in Maharashtra in less than two years. "So I plan for two weeks, rather than two years ahead," he adds.

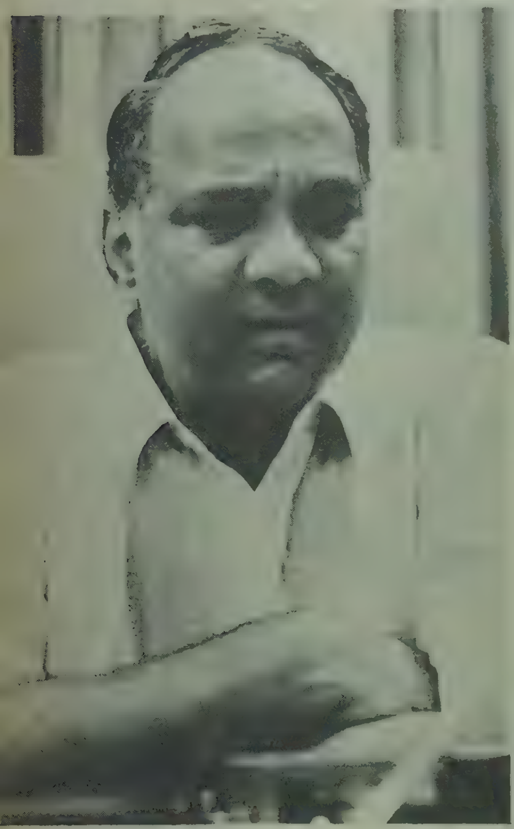
Pawar's actions in the last few weeks bear this out. He seems to have a two-point plan; do as much as possible before the government's time runs out so that he can present himself for re-election with a mile-long list of achievements. Secondly, a forceful first impression lasts the longest in people's minds, so work towards it. Accordingly, he's packed more into his first two months than most of his predecessors could into their first two years.

"We look forward to a new government announcement every day, these days," says a prominent Bombay industrialist, "and Pawar has not disappointed us so far." A few of them have been in the realm of headline-grabbing populistic measures — like providing a government bungalow to the dishoused former prime minister and Congress (I) baiter Morarji Desai; raising the state government employee salary levels substantially to bring them on a par with those of central government employees; and holding the first of the large number of "janata durbars", where people can directly address their grievances to the chief minister himself. But a bulk of the actions are of the long-lasting impact variety.

The chief minister's current laundry list of achievements reads something like this:

- Scrapped the controversial aviation fuel surcharge which led to several international airlines threatening to bypass Bombay airport.
- Announced the state government's intention to privatise power generation and road building in the state.
- Gave the final OK to the 500 MW thermal power plant of the BSES at Dahanu, north of Bombay which was under attack from environmentalists. In principle, agreed to a Tata plan to set up another thermal power unit in the state.
- Announced his intention to create a separate textile ministry at state level to help rebuild this pioneering industry that has now fallen on hard times.
- Decentralised decision-making in granting approvals for housing construction under the Urban Land Ceiling plan. Restructured and implemented a new housing plan that would release up to 1,500 hectares of land for new houses in

At the janata durbar: personally hearing grievances



Pawar: man in a hurry

Bombay alone, under Section 20 and 21 of the ULC Act.

- Announced a new scheme to help revive sick industrial units in the state.
- And most important of all, announced a new package of incentives to attract industry to the state, one which he maintains, "is the best the state has ever offered, and which is better than what any other neighbouring state is currently offering."

The business community was quick to react to Pawar's announcement and, on the whole was impressed. Said Ram Tarneja, managing director, *The Times of India* group of publications and president of the Indian Merchants Chambers, "The new industrial policy will help the state retain the special leadership in industrialisation which it enjoys in the country. It would considerably help industries for further growth in the state." Adds K.R.V. Subramanian, managing director of Colour- Chem and president of the Bombay Chamber of Commerce and Industry, "These are announcements in the right direction. It will provide a lead for other states to follow, the most important of these being his emphasis on privatisation. This will free government resources for more constructive use."

Vijay Kalantari of the All India Manufacturers Association, however, sounds a note of caution. According to him, overdue cash incentives under the last scheme announced by the state government in 1983 have still not been disbursed fully. Cash incentives to industrial units amounting to over Rs.100 crores are overdue. "So we will have to wait and see if Pawar's is just empty rhetoric or whether he means genuine action unlike his predecessors," he says. Pawar, however, dismisses these fears as unwarranted. "My approach to industry is very different from what it used to be in the past," he says. "The approach of the past governments was regulatory in nature, but mine will be promotional. Till now my secretaries used to sit in Mantralaya expecting industrialists to come to them and seek help. From now on my men will go to the potential industrialists and offer them help. I myself will be visiting all the leading cities of the country shortly, inviting industrialists to come here; maybe I will visit some foreign countries as well, to persuade NRIs to set up industrial units in Maharashtra."

Pawar's approach to industry is based on two solid beliefs. The first is that industrialisation is the basic answer to the nation's ills. "The world over," he says, extensively quoting statistics on countries like South Korea, West Germany, Canada etc, "those countries have progressed the fastest that have laid emphasis on rapid industrialisation." And he adds that industry is definitely the only answer to the problems of a state like Maharashtra where the agriculture potential is anyway so limited. Secondly, and most importantly, Pawar says, "I honestly believe that it is not the duty of the state government to run an industry, or trade in some commodity. The government's job is to provide the necessary infrastructure conducive to the establishment of industries by the private sector." Pawar's talk about privatisation flows directly out of this philisophy.

He quotes the simple example of power generation. "The government spends about Rs.700 crores annually on power generation," he says. "If I hand this over to the private sector, I can utilise this Rs.700 crores for other developmental work." He claims he is willing to consider any proposal to set up private power generation units in the state so long as they will supply the entire power to the MSEB grid. Thus a Tata proposal for setting up a thermal power plant is being processed right now and a few others are being looked into. Similarly, Pawar says, he has received a few proposals from private parties to construct roads in the state. "We are looking into them. These roads have to be on the lines of the autobahns in Europe and we might even consider allowing the private parties concerned to collect a toll from those who use the roads constructed by them," he adds.

This policy of privatisation will extend to government-run industrial units as well. As a test case, Pawar has put up for sale to the private sector the loss-making Sahyadri Glass Works in the Konkan. "We'll consider selling other loss-making government units on a case by case basis." This is a radical approach. It makes Pawar the first Congress (I) chief minister in the country to take such a radical position on the issue of privatisation and could have a lasting effect on the country's industrial scene. As Subramanian of Colour-Chem says, "He will be setting an example for others to follow." But is Pawar afraid that this might not go well with some people? "Some people tell me," he replies, "that I am moving away from the path of socialism. I tell them, 'Look at what Gorbachev is doing in Russia'."

But Pawar rules out any lowering of the existing high level of taxation on industry and trade in the state. "When industrialists say that the power situation in Maharashtra is very good, they should realise that we have been able to achieve this only because of the taxes we have been collecting over the years. So we will not in any way change the tax structure. Our way of attracting industrialists would be by providing them incentives like sales tax relief and setting up growth centres." These growth centres will be crucial to the future development of industry in Maharashtra. The idea to set them up first came from the central government, which in June this year announced a plan to set up 250 growth centres in the country, under which extensive infrastructural facilities for the development of an industrial complex would be provided in some of the most backward regions of several states, the idea being to lure private entrepreneurs to set up industries here.

Pawar was quick to seize upon this idea a month later when he became chief minister. According to him, "Maharashtra might not get many of these centres because it is comparatively much more developed then many other states." Hence he plans to set up 64 growth centres using the state government's own resources. "My plan is to ultimately set up a

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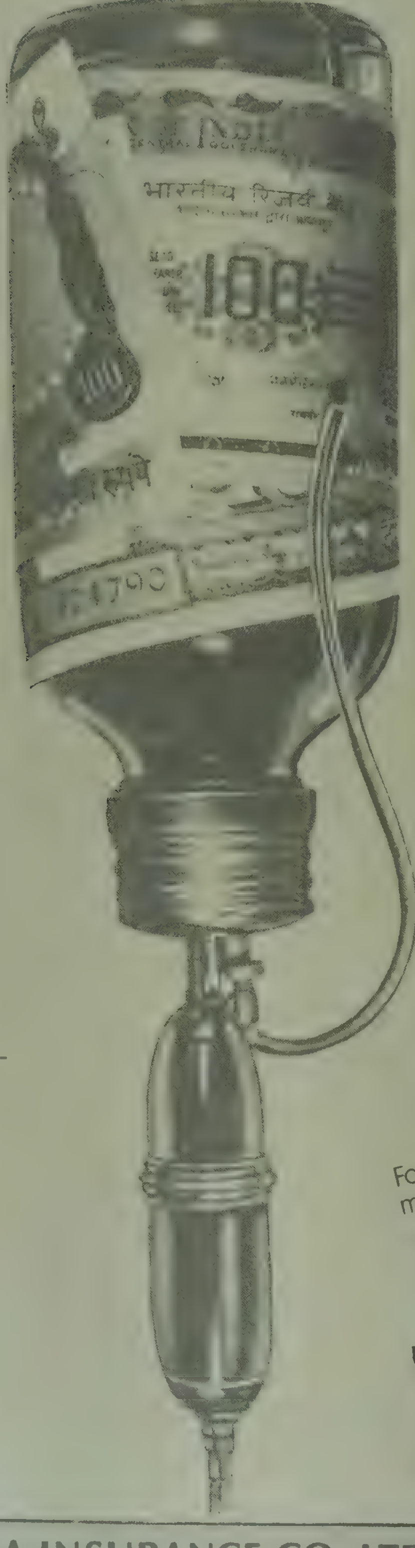

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growth centre in every tehsil in the state," he claims, "I want industry to spread out in the state and thus move away from the traditionally developed areas like Bombay and Pune. So as per our new package of schemes, the farther you move from Bombay, the more the incentives."

Pawar is categorical about not allowing any more large polluting industrial units in and around Bombay. And he adds that his government might consider allowing some of the larger industries to shift out of Bombay if they are willing to replace their old unit with a new non-polluting one involved in the manufacture of electronics or computer-related products. Most of Pawar's attention now is aimed at creating a new locational policy for the Greater Bombay area. This, he says, will lay greater emphasis on setting up satellite cities around Bombay and providing excellent communication facilities to them. He is committed to implementing the West Island Freeway project to ease the city's traffic problem and might reopen the old proposal to construct a tunnel under the sea from the southern tip of Bombay to Uran across the harbour. "The aim is to help people get to the nearby satellite city in 20 to 25 minutes," he says.

But Pawar rules out any immediate change in the Rent Act to help solve the housing problem in a city like Bombay. Instead he has radically changed and recently implemented a housing plan under Section 20 and 21 of the ULC Act which should help accelerate housing development in the city for the first time in nearly ten years. Under this plan, owners will be allowed to develop their property if they agree to construct one room tenements on 50 per cent of their total holding. They will be permitted to sell these in the market for Rs.25,000 each, which is much higher than the earlier government's plan to sell them at Rs.7,500. As for the other half of the land, there won't be any restriction on the price of the constructed flats as long they are sold to a co-operative society.

Pawar has totally decentralised decision-making regarding the development of land under ULC. Earlier, the development of all larger properties needed the approval of a cabinet sub-committee headed by the chief minister. Now decisions regarding the development of property measuring up to 5 acres will be taken at the competent authority level in the cities and at the level of the deputy collector in the districts. As much as 95 per cent of privately owned urban land in the state falls under this category. As for larger chunks of land, the decision will be made by a committee of secretaries headed by the chief secretary.

More important, the competent authority, under the new dispensation, has to clear all development proposals within 15 days of receipt of applications. And there is a fixed time limit for the property owners also under which they will have to develop the land. "They won't be allowed to sit on the land forever and take advantage of rising prices at a later stage," Pawar says. This new scheme is expected to defreeze up to 1,500 hectares of land under ULC in Bombay alone, and should considerably ease the city's housing crisis.

Similarly, Pawar is also planning a massive restructuring of the state's agricultural policy. "The conventional methods of farming have not done much for the state's development," he says and quotes the example of his own 15-acre farm in Baramati. Earlier it used to be watered by three wells. Now after he introduced drip irrigation, that is providing water only to the roots through drips, water from one well is enough for the entire plot. "My yield has improved considerably because of less wastage of fertilisers and my cost has also come down by 30 per cent," he adds.

So the new policy will take a fresh look at the state's irrigation plans and will also aim at encouraging farmers to move into horticulture and other produce that will help agro-based industries which Pawar hopes to set up in Maharashtra. A committee headed by the chief minister himself is expected to have the new policy ready in two months.

Pawar's ambitious plans thus encompass almost every aspect of life in Maharashtra. He claims that these have not been arrived at overnight, but are the result of eight years of constant touring and studying the problems of industry and agriculture in the state — the years he was out of power. "I knew I would come back to power and so all the notes I made in these years have come handy now," he says. Everyone in the state is watching to see how effectively these will be implemented. ■

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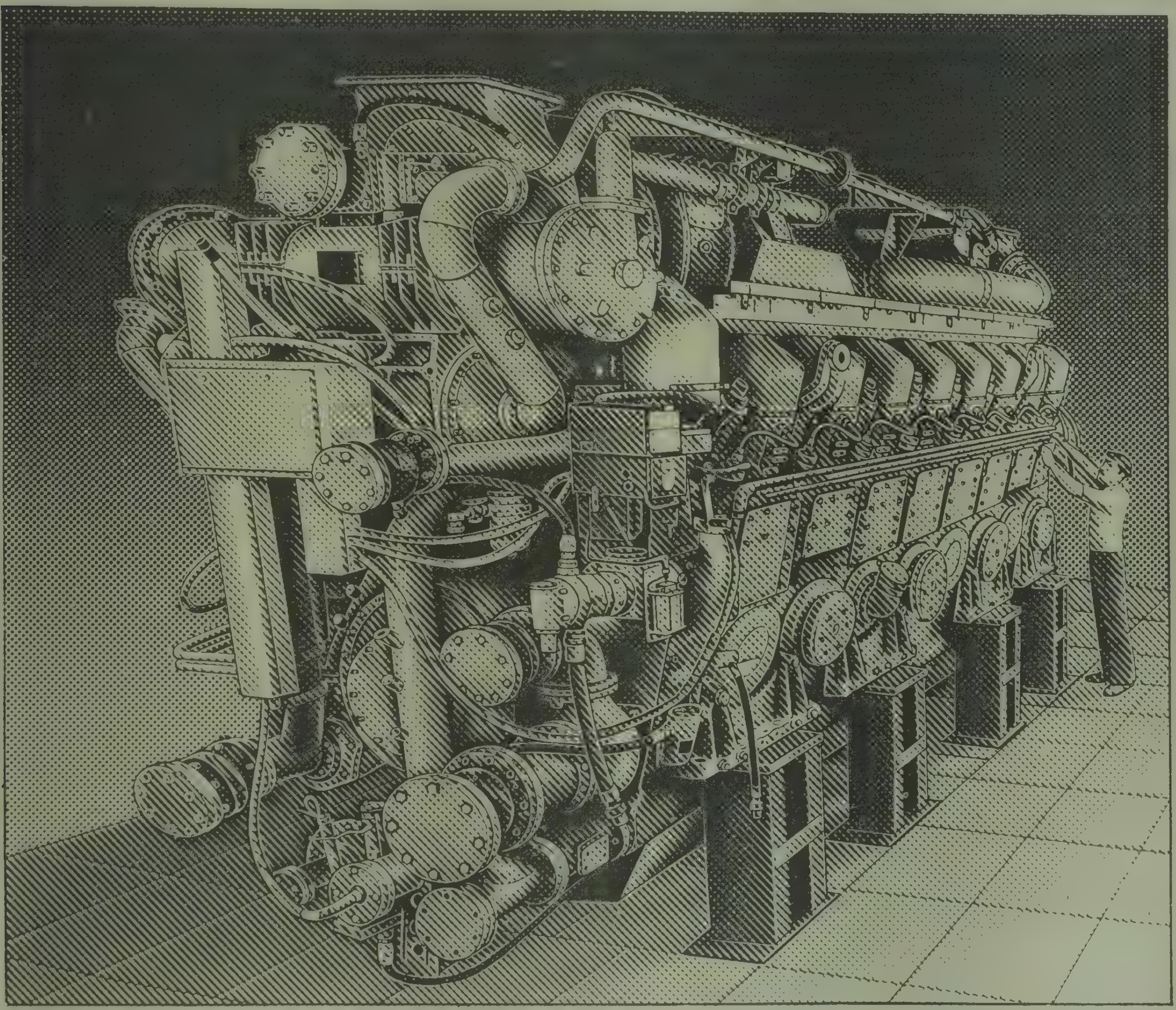

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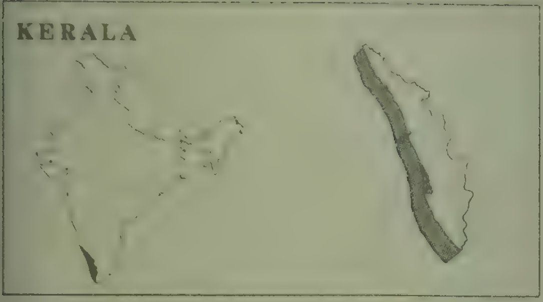


Cement capers

In the heyday of Kerala's construction boom of the early eighties, cement was often in short supply. The desperate ones headed for the black market. They ended up paying hefty premiums. So the wise government of Kerala decided to get in on the act too to give its subjects good cement at reasonable prices. Three of its public sector undertakings began importing and distributing cement. The outcome? Handsome profits for these units. And for the consumer? Higher prices and a trudge back to the black market.

How the Kerala government botched its foray into the cement trade is analysed in the report of the Comptroller and Auditor General of India (CAG) for 1986-87. The union government's import policy of 1982-83 allowed state agencies to import cement under OGL and distribute it in the market. In April 1982, the Kerala government appointed the Kerala Small Industries Development Corporation Ltd (SIDECO) as the designated agency to import cement for actual users whose requirements were to be registered with the corporation. In October 1982 the government of India relaxed its policy, permitting imports for off-the-shelf sales too, free from price and distribution control.

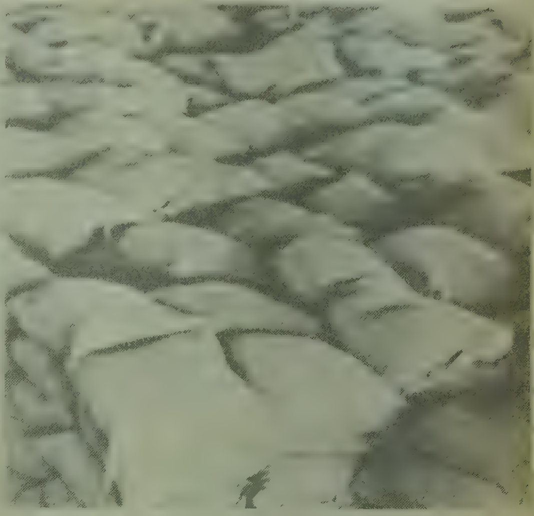
Later the Kerala government found that SIDECO was not performing well enough. So it roped in two more public undertakings, the Kerala State Civil Supplies Corporation (KSCSC), and the Kerala State Warehousing Corporation (KSWC) to procure and distribute cement. Meanwhile, after two extensions, the OGL's validity expired on 31 August 1983.

In dealing with cement, SIDECO made "huge" profits totalling Rs.8.6 crores. This was after paying Rs.6.43 crores to the government as service charges. Yet this does not merit a pat on the back. The CAG states that SIDECO did not meet requirements because of inaccurate and defective assessment of costs. Moreover, it failed to gauge Kerala's demand for cement and signed import contracts without any assessment. The CAG stresses that the corporation's profit came at the cost of the actual users.

KSCSC and KSWC sold 195,000 tonnes of cement and made a profit of Rs.2.16 crores, after forking out Rs.2.28 crores to outside agencies as profit margins. Both these corporations shunned tenders and quotations, opting instead to negotiate the purchase price directly. Yet the landed cost of cement bought by KSWC from two private firms was much higher than that from public sector agencies. The company could have avoided these high premiums to private firms if only it had fully explored the possibility of buying from the designated agencies of other states. KSWC's purchase cost ranged from Rs.657.39 to Rs.866.87 per tonne cif, much higher than the Rs.619.75 to Rs.626.04 range of SIDECO. The corporation's planning was also awry. It obtained advances from consumers without even estimating the source and rate of cement supply.

According to the CAG, as a designated agency, SIDECO failed to play its role effectively by not importing adequate quantities from April 1982 onwards. The deals of the three government undertakings had only benefited private parties outside Kerala. Moreover, these organisations ignored the resultant price increase to the state's consumers. The CAG notes that the government made noefforts to co-ordinate the work of the three organisations. In fact, KSCSC ignored an order from the industries department to buy only from SIDECO.

As for SIDECO, its contracts for cement import reveal considerable laxity and mismanagement. In May 1982 it signed a contract with a Hong Kong firm for 20,000 tonnes of cement at US $ 68.50 per tonne cif, with a performance bank guarantee for 5 per cent of the total value of the goods contracted. The Hong Kong company failed to execute the guarantee. Nevertheless, it shipped about 10,000 tonnes of cement to Tuticorin port. SIDECO asked the company for a lower price, but the CAG failed to find records of negotiations for a price reduction. In the end, SIDECO did not lift the consignment, nor did it act on the offer made by the Hong Kong company's Madras agent to buy the entire quantity at US $70 per tonne. Further, there was no indication that SIDECO had ever informed the state or central government about this.


Cement: creating problems

In the case of its contract with a London firm to import 75,000 tonnes via a South Korean port, SIDECO's tardiness in revalidating its letter of credit aborted the transaction. Thus, SIDECO could not invoke the performance bank guarantee for US $ 145,313 given by the London supplier. It thereby, lost Rs.1.29 lakhs as bank charges for opening the letter of credit.

The CAG has questioned another of SIDECO's dealings. SIDECO's contract for 625,000 tonnes of cement from a Swiss company to be shipped via Taiwan came to naught because it expanded the terms only one day before its OGL expired. The CAG finds it difficult to justify the consequent expenditure of Rs.3.61 lakhs as bank charges. The corporation was slow to obtain an import licence for quantities of cement for which ships had already been chartered. Consequently, it had to pay Rs.7.15 lakhs as demurrage. Similarly with a South Korean firm: SIDECO failed to stipulate the number of hatches of the ship that should be made available for the discharge of the cargo. It thus ended up needlessly paying a demurrage of Rs.5.99 lakhs.

In the distribution of cement, the CAG points to how SIDECO directly contributed to illegal transactions. It appointed 1,561 stockists of whom 805 did not have licences to deal in cement. This was a clear violation of the provisions of the cement control orders of the state government. Further, from 20 November 1982 onwards, consumers who bought from these stockists had to pay Rs.65 per bag, Rs.2 more than the price in SIDECO's own depots. SIDECO was unable to make these stockists sell at fixed prices. A vigilance inquiry revealed that most of them had been instead selling in the black market. Only in August 1983, after complaints triggered off investigations, did SIDECO cancel their dealership and inform the government.

In appointing these stockists SIDECO had bypassed the KSCSC depots, a network strong enough for distribution. In doing this, it contravened a government decision to which the company was party.

The CAG implies that the profits these public sector undertakings made were through dubious and unfair means. SIDECO's profits emerged from "defective, unrealistic and grossly overstated" estimates for determining selling price. Apparently, for these public sector companies, the consumers' benefit was not the prime consideration.

In May 1983, KSCSC included an unauthorised levy of Rs.4 per bag towards a cess proposed by the state government. This netted Rs.52.64 lakhs. But since the Kerala government never legally implemented the cess, the money remained with KSCSC.

Bad assessments and poor negotiations inflated SIDECO's boat hire charges at both Tuticorin and Mangalore ports. (In Mangalore it lost nearly Rs.8 lakhs.) In the transportation of cement, the company entered into a contract with a Trivandrum firm without inviting tenders, although a tender notice had already been drafted. This firm was also able to wrest from SIDECO cash advances up to 90 per cent of the amount due (Rs.260.83 lakhs against a bill of Rs.294.37 lakhs). Strangely, the work order did not provide for any such advance.

The transportation contractor was responsible for shortfalls in delivery. But as SIDECO had not imposeda penalty clause for such short delivery, the contractor was able to misappropriate scarce cement. An investigation revealed that he had been diverting the cement to Shencottah and from there into the market through a network of brokers, truck operators, private agents and subcontractors.

SIDECO was penalised Rs.8.17 lakhs for violating the Tamil Nadu Sales Tax Act by selling cement in that state. Further, the Tamil Nadu sales tax department slapped a fine of Rs.137.51 lakhs on the company for distributing cement to Kerala consumers directly from Tuticorin port. (SIDECO had already paid sales tax to the Kerala government for these sales.) The company paid an extra Rs.40 lakhs in sales tax for 1982-83 because it failed to list sales tax separately in invoices. SIDECO also brought upon itself a central sales tax liability of Rs.91.67 lakhs. It could have avoided this by showing movement of material as transfer to and sales from its depots. This is precisely what KSCSC and KSWC did.

The CAG report is a clear indictment of public sector enterprises in Kerala's cement trade. It calls to mind the guidelines laid down by economist John Kenneth Galbraith for nationalised firms having public welfare in mind: "No gross misleading of consumers, no mistreatment of particular categories of workers, no bribery or other malfeasance at home or abroad, respect otherwise for the law." On most of these counts the Kerala government companies were guilty.

■ K.G.KUMAR

TAMIL NADU

Japanese hi-tech for SSI units

"For the first time in the country, Japanese technology will be transferred to the small scale industry," observes J.H. Ramanathan, chairman and managing director of Tamil Nadu's Small Industries Development Corporation (SIDCO). Five functional estates are to be set up with Japanese technology to cover drugs, pharmaceuticals and medical accessories; medical electronic equipment; hosiery garments; processed food and beverages; and automobile ancillaries. "The thrust," says Ramanathan, "will be on technology upgradation."

First mooted in December 1987, the proposal to set up the estates received a shot in the arm after the coming of President's rule and its emphasis on revitalising industry in the state. Small scale industry in particular has been in the doldrums, with 14,000 SSI units in the state on the sick list.

"We have already received 450 applications for the 150 projects available," reveals Ramanathan. The selection process is scheduled to be completed by August or September 1988. The construction of sheds will commence thereafter. SIDCO has already begun development work on the land and infrastructure. The estates are each to be spread over 60 to 100 acres of developed area, housing 25 to 30 units, with common facility centres to minimise the cost of production. The units will be functional by March 1989.

The total cost of the project is Rs.60 crores. "This may go up to Rs.70 crores," says Ramanathan. The figure includes credit assistance of 3.2 billion yen (Rs.28 crores) obtained from the Overseas Economic Co-operation Fund of Japan, "to cover import of Japanese machinery, know-how and consultancy services". The Japanese consultant will locate companies with the requisite know-how, from which the choice can be made. The entrepreneur will contribute 25 per cent of the project cost, as the acceptable debt-equity ratio is not to exceed 3:1. There is no buy-back arrangement with the Japanese, but SIDCO's export division will help market the products abroad where necessary. The Japanese will, however, monitor the quality aspect.

Though the yen credit package is to cover the cost of setting up five estates, SIDCO sources are confident of squeezing in a sixth estate for building hardware to be located near Karaikudi.

However, this is only the beginning. SIDCO hopes to rope in Italian or German know-how and machinery to set up yet another functional estate to manufacture leather goods at Sankarankoil. "The Japanese do not have the best technology in leather goods," SIDCO sources maintain.

Industry in the state is excited about "the spread effect" that these estates will have, especially since the Japanese have promised technological assistance to set up the supporting units.

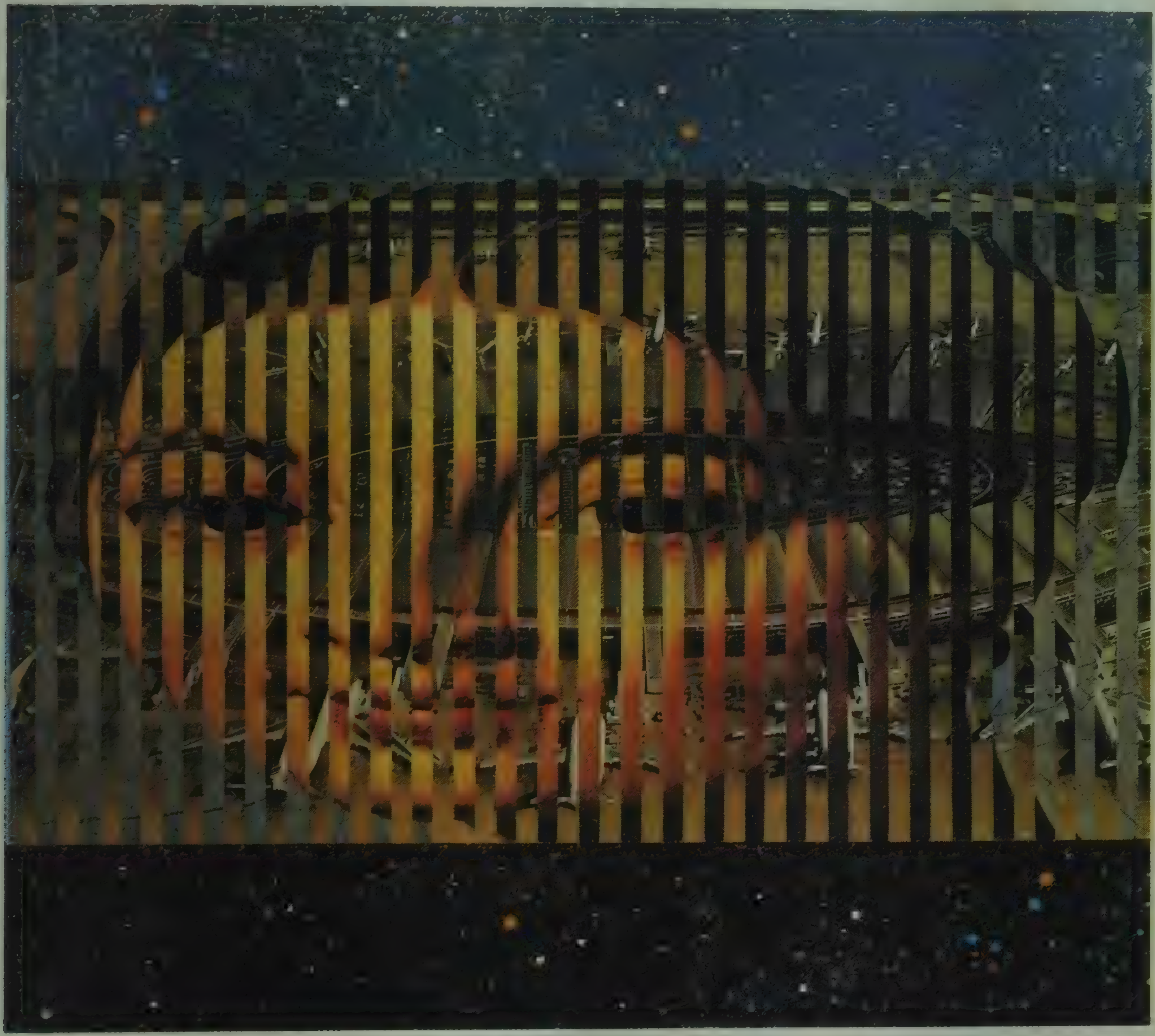
Once these estates are functional, SIDCO will start on the second phase of its programme. This involves setting up five more industrial estates to manufacture teaching aids and related equipment; sports goods and accessories; packaging units; modern office equipment and stationery; and essential household wares.

With hindrances like sales tax anomalies out of the way, SSI units in the state should be on the way to recovery, according to industry sources. But the success of such enterprises will also depend largely on whether the change in attitude towards industry visible in all state promotional agencies will continue to thrive after President's rule is lifted.

■ DHARANI K. PANI

THE FINE ART OF FLYING

by Kolar.



« Je suis la Beauté - Paris ». When we asked the Czechoslovakian artist, Kolar, to interpret The Fine Art of Flying he responded with his famous, multi-image rollage technique. "Paris", he reflected, "is a love affair with a fascinating woman - she will open many worlds to you and yet always draw you back". Air France leaves Paris for the world more than 150 times every day. And every flight is a love affair.

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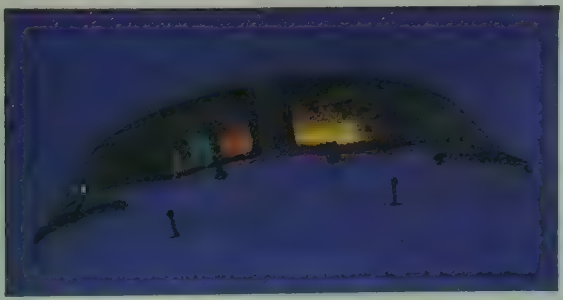

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A matrix for political decision making

The ongoing attempts by leaders of the Janata, Lok Dal, Congress (S) and Jan Morcha to unite into one centrist and nationalist party, in the full glare of public attention, has exposed them once again to charges that they are only motivated by their personal ambitions and needs. Politics has as much to do with ideals, philosophies and policies thereof, as it is a competition for power between groups and individuals. The reconciliation of individual aspirations with varied perceptions of larger goals is a task that calls for abundant resources in terms of intellect and temperament. The process of reconciliation therefore will not be without its ups and downs and those who expect it to be different are only betraying their inadequate familiarity with the realities of the national socio-cultural diversity, and human nature.

It is said that in early 1959, when John F. Kennedy was preparing to run for the presidency of the US, his campaign team had divided a relatively homogenous American society into 480 different groups. This was done on the basis of a two dimensional matrix that had the socio-economic divisions on one axis and the geographical spread on the other. Thus a typical group could be identified, say, as Catholic, blue collar, high school educated, lower income Italian and midwestern.

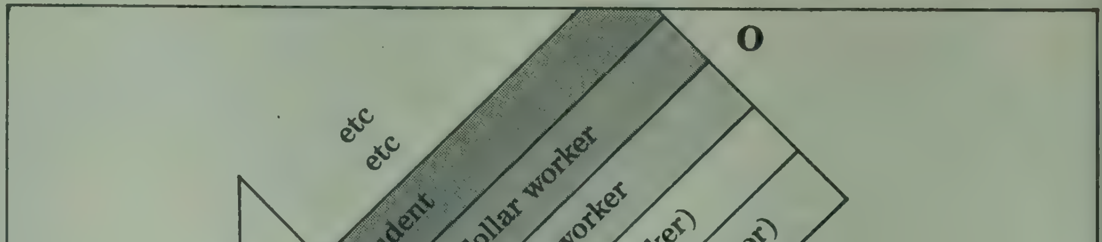
This enabled Kennedy to tailor his messages to reach the maximum number of groups for every exposure on TV and radio. Thus, while speaking to a convention, say, of nurses in Chicago, he would tailor his message to cover both nurses and blacks, since a radio station with predominantly black listenership would be broadcasting the talk live.

Since then the role of communication and media planning specialists has dramatically increased and it often does seem that the seriousness of politics has been replaced by a shallow political theatre. This led Senator Nancy Kassenbaum of Kansas to opine, "We are replacing the Madisonian conception of government as the careful arbiter of a large and diverse nation with a Madison Avenue conception of the state as responsive to the sundry appetites of our citizen consumers."

It seems that it is not just in America that leaders are pandering to the sundry appetites of citizen consumers. We are witnessing a similar phenomenon in this country as well and with the decline of the political party as a forum for debate due to the complete collapse of intra-party democracy, the age of direct democracy is upon us now. Our leaders have already begun to be marketed in the manner of branded goods. Attendant with this are the risks of losing market share quite suddenly if the performance does not correspond to the promise. We have been witness in recent times to the decline of Mr. Clean. Now there is a new political detergent threatening to overtake the old brand leader and his name is V.P. Singh! (Tune a jingle to the words: "Times couldn't be righter/For Mr. Corruption Fighter/makes the economy whiter/ and your future brighter." Editor offers a prize for the best entry.)

If we are to adopt a two dimensional matrix accommodating all the complexities and diversities of a multi-cultural and heterogenous nation such as ours, the number of groups that will result will run into the thousands. Besides questions about validity, one must wonder if such a linear, even if large, matrix fully reflects the reality and the multi-dimensional aspects of our society. Clearly we need to go beyond this and that is possible if we contemplate a three dimensional matrix. On one dimension are the "heaven"-made divisions of caste and religion (CR). On the second one are the natural divisions of language, culture, ethnicity and geography, which together result in the separate but broad regional identities (R). And on the third dimension are the man-made economy-related divisions which are primarily those of occupation and status (O).

If these divisions are fitted into a cubic matrix with the lines of division on the frontally visible three sides at right angles to each other, we have a conceptual model that can visualise all the many groups that go to compose this highly heterogenous and individualistic society (*See illustration*). The requirement that the divisions on each of the dimensions run at right angles is crucial to the matrix. This is because each of the divisions cuts across those on the other dimensions. For instance, the caste and religion divisions run across regions as well as economic and occupational divisions. If we can now visualise an exploded view of the cubic matrix sliced along the



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lines of division on every dimension, we can see each of the many groups whose needs must be reconciled by the democratic system we have in place. The centrality of the democratic system in preserving our recently established national unity should also become apparent from this, for it would be extremely difficult to keep this nation as one under any other system or under the domination of one or a few groups.

Each of the many cuboids is representative of a significant group. For instance a typical cuboid in the matrix could have Brahmin on the CR dimension, Hindi heartland on the R dimension, and Agriculture on the O dimension. Another one could have Backward Class, Tamil and Educated Unemployed on its three dimensions. Naturally each of these groups, particularly if it is numerous and organised enough, has a dominant leadership. And what keeps us all bound together is a complex web of criss-crossing group affinities across the CR-R-O dimensions. It is thus as if the cube representing the entire nation was being held together by internal magnetism and not the external strapping of a formal state.

It is clear that Devi Lal can be considered as the dominant leader of the Jat, Haryanvi (Western UP?), Agricultural interests. Devi Lal himself has consistently resisted being anything but this and his aggressive espousal of all his three identifications has etched strong lines of identification that restrict his appeal to these interests alone. But his strong and vigorous espousal of agricultural interests does give him the ability to appeal to other cuboid groups along this dimension. Thus Devi Lal might still have some goodwill, say, among the Maharashtra farmers now struggling to free themselves of their debt burden. Ajit Singh's constituency on the face of it appears similar to Devi Lal's. This is, however, not so in reality, for his strongest identification is with Jat interests. Having been convincingly marginalised by Devi Lal in Haryana, it seems that his support among Jats is restricted to Western UP, though this is still to be tested. Devi Lal and Tikait may have already stolen the base here. His anxiety to acquire a larger theatre of operations by merging all the time has to be understood in this context. He is now parlaying his "constitutional" position as president of the Janata Party into a reasonably important role in the new opposition formation. Whatever be his other qualifications to leadership, Ajit Singh has proved to be adept at bluffing while playing political poker!

Like Devi Lal, Mulayam Singh Yadav of the Backward (Yadav), UP, Agricultural cuboid would have appeal beyond the confines of this group because of his strong identification with Yadav interests. This would, therefore, indicate some support threshold for him in Bihar and MP also. But NTR's strong identification with Telugu sub-nationalism confines him to AP, just as Sharad Pawar's identification with Maratha interests restricts his appeal to Maharashtra. Jagannath Mishra's recently acquired urge to identify with Bihari interests as a whole via his Jan Jagran campaign is an attempt to rise above his strong identification with just Maithili Brahmin interests and indicates a shrewd mind at work. Even Sharad Joshi's appeal, while having the potential of acquiring a truly national dimension, is restricted to a rural and agricultural base, though this base by itself is large enough to make him a formidable player on the political scene. But then Sharad Joshi is seeking the political clout to influence policies, and not political office. He thus can be inflexible on issues and principles, whereas a politician desirous of holding office has to constantly make adjustments.

Most cuboid groups have mutually antagonistic attitudes. For instance UP Jat farming interests clash violently with Harijan agricultural labour aspirations. Similarly orthodox Hindu interests will conflict with the north Indian Islamic revivalism symbolised by Syed Shahabuddin. Thus leaders with aspirations of rising above the confines of group must either not pander to base appetites of caste, religion and region and therefore be acceptable to other groups, or, draw linkages between their group identities and those of others.

Now comes the critical question: Who then are the national leaders and why? Obviously national leaders are those who are accepted by the maximum number of cuboids and evenly distributed at that. Clearly this demands that the national leader must not be strongly identified with any divisions on any of the dimensions. This means he or she (Maneka Gandhi!?) must be identified with an idea or cause that concerns all groups and over-rides the lack of a strong sectarian or regional or sectoral identification. Indira Gandhi had this advantage and so did Rajiv Gandhi till the corruption charges surfaced. Saddled with this new perception about his corrupt and profligate ways, Rajiv Gandhi's over-riding appeal has been corroded. Only he seems not to have realised the implications of this. V.P. Singh has now acquired an over-riding cause and is seen as leading a fight against corruption. Like Rajiv Gandhi, his strongest asset is that he is not identified by other groups as being a leader of a particular group. Thus he is equally acceptable to south Indian and backward class farmers as he is to north Indian, urban and white collared middle classes. The only group that is seen as hostile to him is big business and other powerful connected interests, and that is not at all a bad set of enemies to have in the Indian context. It is not enough that a politician must be lucky in terms of his friends, but he must be lucky with his enemies and it is just his wonderful luck in being seen as simultaneously having Dhirubhai Ambani, Amitabh Bachchan and Girilal Jain as enemies!

But V.P. Singh may have just made his first major mistake in his painstaking effort to offer an alternative or even a substitute to the Rajiv Gandhi-led Congress. The proposed hierarchy of the SJD has a very north Indian bias. Not just that it will be seen in the north itself as Thakur and Jat dominated. Both Hegde and Dandavate are Brahmins from other regions and have been accommodated in positions which will be generally seen as not particularly important or powerful. If for some reason V.P. Singh's over-riding advantage were to be neutralised, the risks of the coalition across the three dimensions — forged over the past year and tempered at Allahabad — cracking become quite apparent. Our society, at the best of times, is held together by a delicately balanced accommodation of multiple conflictual interests. Anything that disturbs this balance creates a new alignment of forces to stabilise the situation. Politicians who fail to understand this and yet seek to try to arrange the leadership structure, disregarding cuboidal relationships, do so at the risk of not just their individual aspirations but also social order and harmony.

■ MOHAN GURUSWAMY

The author was educated at Harvard, John F. Kennedy School of Government, and the Fletcher School of Law and Diplomacy, and taught international business at Boston's Northeastern University

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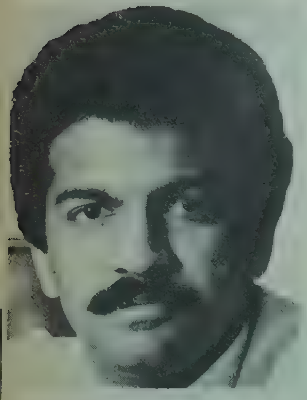

ANAND MAHINDRA

Narcissus revisited

A long time ago, there was a handsome Greek youth who stumbled onto his own reflection in a pond and was immobilised by the force of his attraction to that image. The legend of Narcissus, as the story is commonly known, has long since transcended its Greek origins and become a universal allegory that illustrates the ostensible perils of vanity.

In today's world, unpolluted and limpid pools are hard to find, let alone stumble on to, but there is no dearth of artificial reflecting surfaces. Like a giant pond, the media surrounds us, hungry for heroes and newsmakers, catching and reflecting the entire range of human drama. In India, the ascendancy of the media is all the more apparent because it has happened so suddenly. The last ten years have witnessed the spawning of a host of slick new magazines and dailies; and television whether due to increased competence or sheer persistence has irrevocably grabbed a slice of our lives. In particular, new movie and society magazines have proliferated wildly, and they all work overtime churning out "lists" and social registers that turn ordinary people into celebrities with alarming ease.

The business world has not been left untouched by the media's magic wand. New business magazines, through their widespread coverage and their constant analyses and comparisons of different companies, have provided an excellent mirror in which companies can take stock of their relative musculature and their position in the business pecking order. Sponsored by the media, awards have sprung up to recognise and showcase corporate performance and personalities. And lists are everywhere: the top 20 business houses, the top 100 "giant" companies, the top 50 entrepreneurs, etc, etc. These are all, of course, meant to be gauges of achievement, but the unbridled profusion of such measurements could also indicate a tendency towards the indulgence of vanity. Since vanity is not normally perceived as one of the nobler human instincts, many will be tempted to ask whether this is one more unhealthy trend that will adversely affect the business community's sense of purpose.

HUMAN DESIRES

The problem, however, is that the deployment of nobler human instincts has never been a prerequisite for the survival and success of free-market economics. In fact, Adam Smith postulated that human acquisitiveness, or what he politely called "the human's desire to better his condition," would act as an "invisible hand," that would efficiently allocate resources through the encouragement of competition. Self-interest and the desire to accumulate personal wealth, therefore, can be viewed as the unacknowledged yet indisputable engines of economic growth in most free countries. But, since the time of Smith, sociologists have redefined and broadened the theoretical range of human needs and thus increased the number of ways in which people apparently seek to better their condition.

According to the new hierarchy of needs, the desire for "safety," which corresponds to a need for wealth and personal resources, is merely one rung higher than the lowest level of physiological needs, such as hunger. The need for esteem and recognition, on the other hand, evolves later in the hierarchy, ranking just below the highest human goal of "self-actualisation". If, according to this framework, there is an inevitable upward evolution of human needs, and if the pursuit of any of these could be defined as being in a person's self-interest, then one can assume that the continued health of the free-market system would be just as well served by individuals pursuing not just the accumulation of wealth, but also their own self-esteem through societal recognition.

NEW SYMBOLS

One could hazard the suggestion that the primary motivation of the average Indian entrepreneur in the first 20-odd years after independence was the pursuit of so-called lower level needs such as wealth, and the physical comforts that wealth could facilitate. This would be logical, considering the generally low level of industrial development at the time and the concentration of wealth among an even smaller number of people than today. A businessman's prime concern would have been to free himself from the gravitational pull of the surrounding poverty, and to collect visible symbols of wealth such as a comfortable if not opulent home, one or two cars, an expensive watch and clothes — all of which seemed at the time to be the preserve of only a handful of people.

However, in the last ten years we have seen the emergence of a new class of wealthy entrepreneurs, large in absolute if not relative terms, for whom the collection of visible symbols of wealth no longer provides enough attraction if only because such symbols are now possessed by enough people so as to make them less distinctive. That one extra Maruti deluxe or 5-star holiday holds no lure for them any more. What matters is the acknowledgement of business skills, the growth in their company's relative size and profitability, the stamp of success. And the

he author is executive irector, Mahindra gine Steel Co. Ltd

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Avenues [illegible]

rise of the media, with its powers to provide recognition, has coincided wonderfully with the blooming of these ambitions. Obviously, the quest for wealth *per se* will remain the dominant motive for the vast majority of people, but for this admittedly small segment of businesspersons who have already savoured the material fruits of successful entrepreneurship, the new incentive for growth will be the visibility of their achievements.

COMPETITIVE TRENDS

Rather than incriminate this development as an unhealthy trend, One prefers to contend that the need for recognition may, in fact, prove to be a more potent and productive stimulus to growth than the primary pursuit of wealth. If the speed of growth and size of a company is to be showcased, then there will be little incentive to suppress revenues and income-streams or to subdivide and channel them into numerous affiliate companies. As in any beauty contest, there will be greater benefit in revealing, rather than in concealing. Also, the priority of rapid growth will necessitate the constant re-investment of capital into the company instead of personal consumption. This shift in priorities has beneficial implications for the overall rate of investment and productivity of capital.

Finally, the penalty of being lowered in public esteem may prove to be a healthy deterrent to companies going sick through the extraction and diversion of funds. One suspects that this competitive trend will also receive a boost through the increased activities of the newly-formed credit rating company — CRISIL — which promises to objectively investigate a company's merits and weaknesses and indicate on a relative scale, the condition and prospect of its present and future health. Using the analogy of the beauty contest, CRISIL's appearance is akin to the arrival of an objective and impartial judge, thereby raising the credibility of the contest.

Perhaps a new phase of evolution in the hierarchy of needs lies ahead for Indians and indeed, global entrepreneurs. Imagine, if you will, the goal of "self-actualisation" leading to a drive among businesspeople to excel in creative philanthropy using their commercial resources. A new sort of urge to outdo, say the Tatas in charitable scope and density would not be an unwelcome development. But for any hard-nosed realist, such a scenario can only lie in the utopian future. For the moment, it seems that the promising new mantra of growth is, "Mirror, Mirror, on the Wall...."

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In lighter vein

One would scarcely expect dealings between labour and management to be laced with humour. As you thumb through their correspondence, it is demands and counter-demands, allegations, innuendoes, vitriol and skullduggery that you encounter. So intense is their relationship that lighter moments have no place, at least not in formal communications. But while unions and managements would of course not jest with each other, their addiction to English is a source of some merriment.

As part of a major assignment, my colleagues and I had to wade through a decade of labour-management correspondence. Our days of gloom were lightened by sparks of wit, all of it unintended. The union had a rare gift for poetic licence, with the management and association also chipping in occasionally.

Like most unions, this one started the relationship on a note of warmth and cordiality. The chairman was to visit the plant. The union wrote: "We want to discuss our problems and grievances with the chairman on a cup of tea." Next, it was the turn of the entire board to visit. The union now wanted the "pleasure of sitting together with all the directors on a cup of tea." The chairman and his board were unmoved. Having failed to get anything out of meetings in and on tea cups, the union moved to a larger arena. It asked for a formal meeting: "We request your good honour to call an immediate meeting. We believe in bipartite negotiations on the table."

But the management was in no mood to listen. In anguish, the union issued an ultimatum: "We are regrettably saying that management has not shaken its head to call a single meeting." Even this anguished plea did not seem to help. The union took the next step: "Since the management has already started victimisation, harassment, tortures and terrorisation, the union is forced to start an agitation."

What form did the agitation take? The union issued a circular, with a copy to the GM: "Subject — Reception of Authorities from the Head Office. Our union has decided to honour the authorities from the head office at the time of their kind visit at suitable places with reception committees wearing black badges. They will demonstrate their anger for not sorting out the very genuine grievances of the workers." The point was lost on the GM. Protest had now to be stepped up. A letter was dispatched to the personnel manager: "The union vide its circular has requested all workers (male only) to attend their duties in Baniyan — ie, without shirt from tomorrow to show their resentment."

Even as it went through these novel forms of protest, the union reaffirmed its faith in peaceful methods. The leaders issued a press statement: "The workers still stand at the principle — Resolve Issues Through Negotiation." The flurry of letters, the spate of protests and the extension of the olive branch were followed by meetings on tables. But, of course, they produced no result. The management had bees in its bonnet. So had the union. The leaders got back to the time-tested method of writing saucy letters. They didn't want promotion to be linked to merit. "The bitter experience of the union is that only nearers and dearers are getting preference." Placement was just as problematic. "It has come to the notice of the union that management is extracting work from employees irrelevant to their trade and post. The practice followed by management is not genuine, and setting the example of putting square key into round hole. In this way, management is misusing the calibre of employees and creating misfitment and frustration."

The members were getting restless with this war of words. They wanted results. What is the use of a union which can't bring home the bacon? A group of operators who had been denied promotion wrote to the president: "We request you to go through our cases, and since interviews are not yet over, with your loud voice we may still get a chance to show our ability and talent to management."

As problems and grievances piled on top of each other, the federation stepped in with a helping hand. It wrote to the MD: "We take a serious view of happenings in the plant. Some of our employees have been suspended in connection with the doctor's negligency for not attending to accidental employees, who died later on. If they are not taken back, the entire workforce will be compelled to join the sport of suspended employees." A telegram followed: "Settle demands without delay. Otherwise, our federation will also jump into the fray in their sport."

Apart from the usual problems of pay, perks, promotions, transfers and punishment, the union also had its off-beat concerns. An operator's relative who was working for a transport company decided to call on his kinsman with his bus. There was a mishap. The general secretary wrote to the management: "This is for your kind information that the relative of Kishen Lal came to the township in his bus. As he was cutting the bus, it touched one of the electric poles, slightly damaging it."

Some employees have also been chancing their arm in their spare time. One wrote an anonymous letter under the caption, "Oh, to have a canteen." It read: "It is better to have a canteen than no canteen at all. There was a kingdom whose king had a broken nose. But everyone thought that his nose was beautiful, because his subjects had no nose at all. If we don't have a canteen what work will the doctor have?"

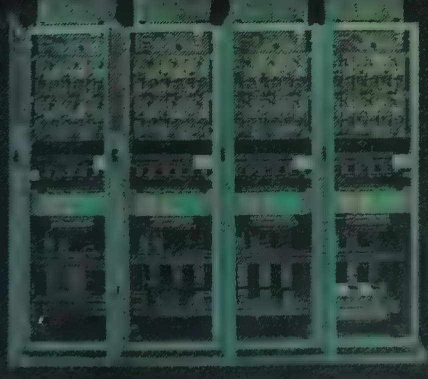
The employees' skill with words was infectious. It spread to the association. The president reported to his members: "I don't see any disunity. By and large all the ranks and files in our office are very much united. The possibility of the existence of black sheeps and management spoons can't be ruled out. But if anyone thinks that the association is a spent force, I say he is in his own paradise of deception."

The management is somewhat pale by comparison. It has reacted with cold indifference to union attempts at keeping up a colourful dialogue. Sometimes, it has been positively rude. It once responded to a union communication with the reply: "The contents of the letter are not clear to us." Even so, management has not been without its creative moments. It wanted to place LTC rules beyond the shadow of doubt. The following circular ensued: "An employee will be entitled to avail LTC in respect of himself and his family members. Family means, the employee's wife or husband (one only), legitimate children, step children and not more than one legally adopted child."

The general secretary continues to be ebullient in spite of the management's indifference. Here is the icing on the cake. After a series of flowery letters, he ended one on the following optimistic note: "Hopping for the best cooperation and positive response from your end, Fortunately yours."

■ E.A. RAMASWAMY

The author is chairman, Administrative Staff College of India, New Delhi Centre.



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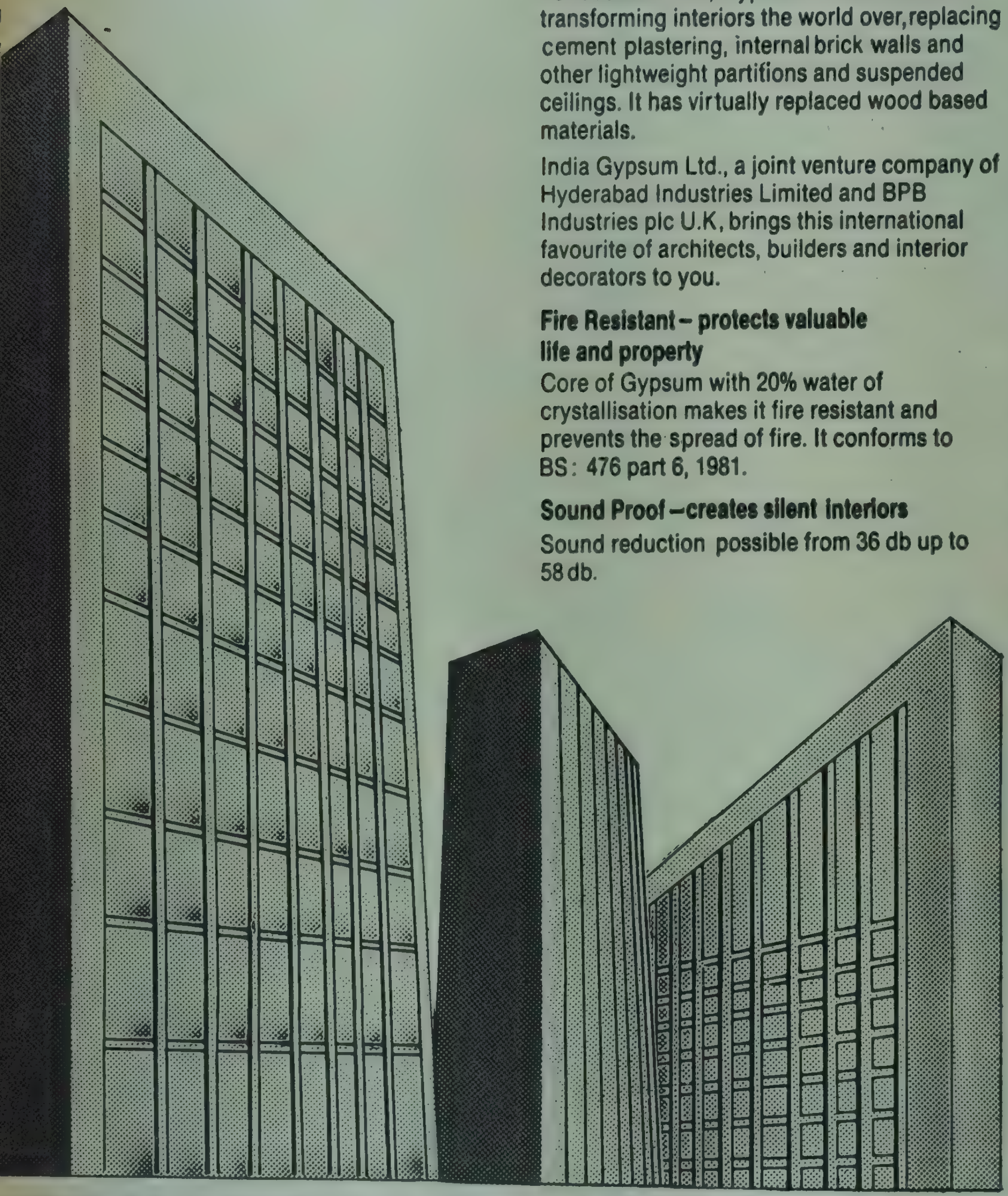

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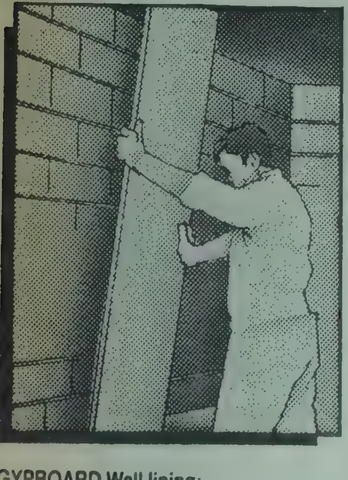

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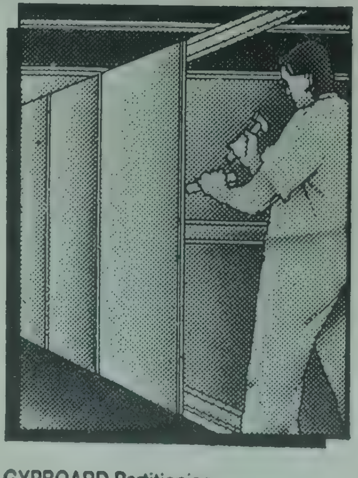

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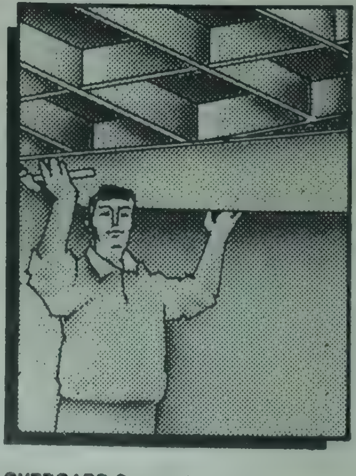

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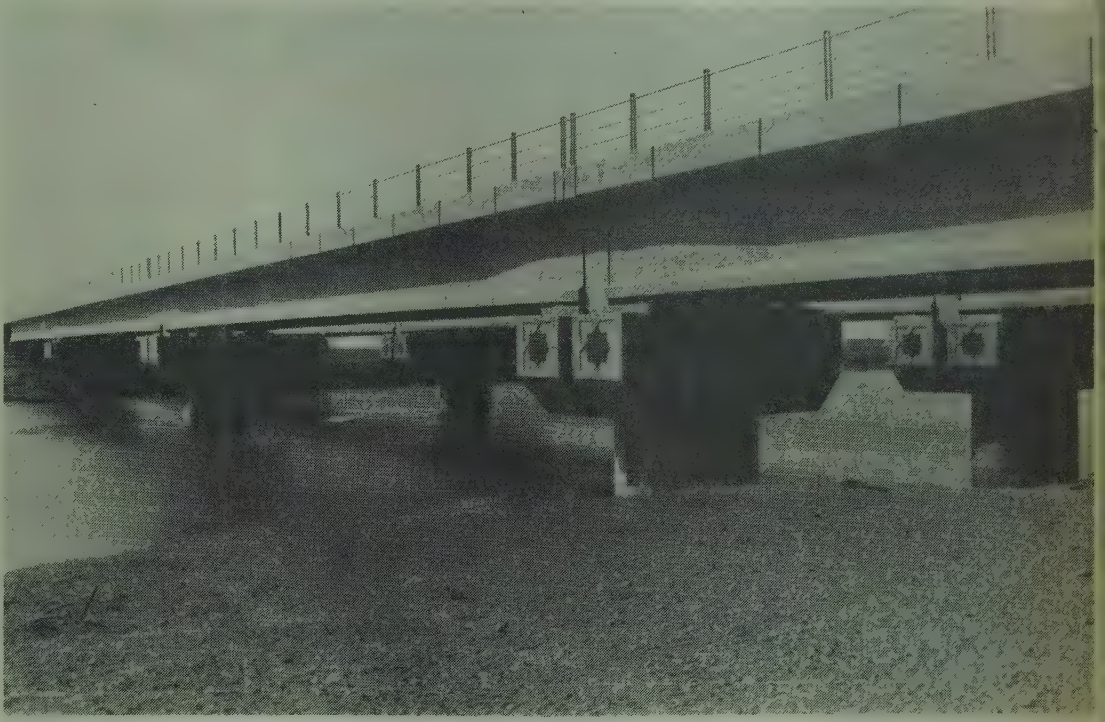
IRAN AND IRAQ

Good prospect for project exports


A bridge constructed by Hindustan Construction Co

With the Iraq-Iran peace accord imminent (so one would like to believe), there is a distinct upbeat mood among Indian construction companies. "We are looking forward to Iran and Iraq permitting large construction projects in a big way," says an optimistic Ajit Gulabchand of Hindustan Construction Company (HCC) which has constructed nearly 40 bridges in Iraq costing about Rs.40 crores.

The eight-year-old-war, one of the longest in recent history, has ravaged both the countries; rebuilding public utilities (roads, bridges, railways, port facilities, water supply systems, etc) in the two countries is therefore a truly mammoth task. Estimates made by an Indian finance agency indicate that Iraq alone would have to undertake construction works valued at more than one billion Iraqi dinars (equivalent to more than Rs.4,000 crores). Will Iraq soon become a hunting ground for foreign construction companies? More pertinently will project exports from Indian companies pick up once again?

And although Iran had almost closed its doors to foreign business after Khomeini came to power, many representatives of Indian construction companies believe there is immense scope there too. One of them is H.M. Singh, president, KEC International Limited, which has been building transmission line towers in Iran since 1966 and has executed projects worth more than Rs.100 crores. Says Singh, "Despite the huge cost of the war, Iran has very little external debt and thus her credit-worthiness is better than that of Iraq, which is estimated to have run up foreign debts of nearly $ 30 billion." But others feel that there is not much scope in Iran for civil construction work because the country has the expertise and skill for undertaking such projects." Besides it does not allow the import of workers (unless there is a specific need for skilled workers) because of its own large population and high rate of unemployment.

Iraq depends mostly on foreign workers and foreign firms. Does this mean that Indian companies will be able to get a slice of the cake? According to M.P. Tejwani, executive director of the Export Import (Exim) Bank of India, the nodal agency looking after the interests of Indian companies executing construction jobs on foreign soil, Indian undertakings stand a good chance of bagging some major contracts in Iraq. Indian companies did not abandon a single project during the war. This proves their sincerity, which I am sure will be taken into consideration by the government of Iraq." Tejwani himself frequently visited Iraq during the war for discussions with Iraqi officials.

Since 1980, 32 Indian companies — public as well as private — executed 64 major projects in Iraq. Iraq, in fact, has always been a very good market for the export of projects by Indian companies. In the early eighties the Indian companies operating in Iraq had contracts worth Rs.3,500 crores which was 40 per cent of the total project exports from India. The balance was distributed among several other countries in west Asia and Africa.

In the late seventies, Iraq with its huge surplus of petro-dollars had embarked upon a large development plan. Huge projects for buildings (both residential and commercial), roads, hospitals, bridges, ports, oil pipelines, power stations, water supply, sewerage, were initiated to swiftly improve the standard of living of the people. Indian construction companies, which at this time had started exploring overseas markets, managed several contracts despite competition from English, French, West German, South Korean and Japanese companies. (A list of major projects handled by Indian companies is given in the table). Although the war broke out in 1980, the pace of construction work continued till 1983. Payments were prompt and in cash.

It was then that the burden of financing an expensive war began to tell; for the next two years payments were irregular. In some cases payments were not made at all leading to almost a total stoppage of work. It is around this time that most construction firms from Europe, South Korea and Japan quit Iraq as the end of the war seemed nowhere in sight.

The government of India (GOI) was quick to step in to protect the interest of the Indian companies; it entered into a deferred payment agreement with the government of Iraq. Under the agreement part of the payment for the Indian construction firms would be paid in the form of crude oil and another part would be paid under a deferred payment agreement over a period of five to six years with interest. "So far, this arrangement has worked well; we have no major complaints about payments," says Ajit Gulabchand.

Of the total outstandings of about Rs.1,000 crores owed to Indian companies, Iraq has already paid nearly

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s.400 crores. The balance, according to he agreement, will be completely cleared y 1991. Reliable sources also confirm hat Iraq has paid around Rs.500 crores s interest on the outstanding payments.

But not everybody is happy with the epayment arrangement. Take the case of akers Development Services Pvt Ltd, a eading builder in Bombay, which has uilt 2,000 houses in Iraq valued at s.240 crores. Makers Development has anded into trouble over its Iraq venture; t may end up with a net loss in 1987-88. We have burnt our fingers badly in Iraq nd don't want to go back," says K.G. henoy, president, corporate development. The work was completed long ago ut payment of around Rs.60 crores is till due. "We were forced to take rupee oans under the deferred payment agreement; the interest rates for these loans vere double the international rate of dolar borrowings," says Shenoy. As a result, he company had to carry an additional nterest burden of Rs.35 crores.

There may be many examples like this ut no other companies are willing to iscuss the issue. As a spokesman of one najor construction firm in Bombay says, Now that the war is over and Iraq is pening up, why should we spoil our relaionship by complaining about the past?"

But there are several other factors which make the future somewhat uncertain. After several years of austerity and shortages of most essential commodities, Iraq may have to spend more money for the import of consumer goods to keep people happy. At the same time, spending on defence will probably continue at high levels since the defence forces have to be rebuilt. Thus it is likely that the rebuilding of public utilities may get lower priority. Due to the tight resources position, contracts will be offered only on deferred payment basis and even these may have to be tied up with suppliers credit at soft terms.

Makers' housing project in Baghdad: payment problems

"This is where we will have to face stif competition from countries like West Germany, France, Italy, Japan and South Korea. These countries flush with funds can offer huge loans on attractive terms which India just cannot match," says Tejwani of Exim Bank.

The situation is further aggravated by the lull in the world construction market. "If the government of India takes more initiative the chances of Indian companies getting contracts will brighten because India's relationship with Iraq has been very friendly," says C.L. Varma, managing director of the Delhi-based Continental Construction Ltd, which implemented the single largest project by any Indian company in Iraq — the Karkh water supply project with a capital cost of Rs.893 crores. "We have suggested to the commerce ministry that a high powered delegation be sent to Iraq and Iran to create new avenues so that Indian companies get a fair chance to compete." Besides the foreign companies, we will now have to compete with some Iraqi companies too. "During the war several Iraqi companies have developed expertise to handle the simpler projects, which we used to execute," points out H.J. Amin, general manager (planning and development) of Larsen & Toubro's construction group (formerly ECC) which has built stadia and buildings worth Rs.100 crores in Iraq. Amin also feels that China and Turkey which, like India, have the advantage of cheap labour will also be major competitors in Iraq.

Clearly, bagging a contract in Iraq will be much tougher than before when both Iraq and Iran had huge surpluses.

■

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Major projects executed/being executed by Indian companies in Iraq

Name of company	Project	Value (*Rs. crores*)
CONTINENTAL CONSTRUCTION	KARKH WATER SUPPLY	893
INDIAN RAILWAY CONSTRUCTION	SAMAWA RAILWAY	451
NATIONAL BUILDING CONSTRUCTION	ALQAIM AKASHAT RAILWAY	83*
RAIL INDIA TECH. & ECO SERVICES	O&M BAGHDAD ALQAIM RAILWAY	183*
NATIONAL PROJECTS CONSTRUCTION CORPORATION	AL EDAWIYAH LAND RECLAMATION	54
MAKERS DEVELOPMENT SERVICES	2,000 HOUSING UNITS IN BAGHDAD	283
SOM DATT BUILDERS	HILLA AND MOSUL WATER SUPPLY	88*
JAIPRAKASH INDUSTRIES LTD.	BASRAH SEWERAGE	185*
JAIPRAKASH INDUSTRIES LTD.	EAST OF ARMY CANAL	327
INDIAN RAILWAY CONSTRUCTION CO	AL MUTHANNA RAILWAY	140
ENGINEERING PROJECTS (I) LTD.	COUNCIL OF MINISTERS' BUILDING	141
BHANDARI BUILDERS (P) LTD	NAJAF HOUSING	66
UP STATE BRIDGE CORPORATION	ESKIKALAK BRIDGE	38
HINDUSTAN CONSTRUCTION CO. LTD	GARMAT ALI BRIDGE	31
NATIONAL BUILDING CONSTRUCTION CO.	MOSUL AND DOKAN HOTEL	63
TATA EXPORTS LTD & ACC	O&M OF KUBAISA CEMENT PLANT	13*
LARSEN & TOUBRO	BUILDINGS AND STADIA	60

* *Projects started after 1983.*

The dollar rises again

Despite the holiday season, when markets are traditionally thin, action has not been lacking in foreign exchange markets. The dollar was on a rampage despite concerted central bank intervention and sundry rhetoric to tame its upsurge. In the meantime, the deutschmark hovered between 1.85 and 1.92 against the dollar. The pound stood at around 1.68-1.72 and, for the most part, was well supported due to high interest rates prevailing in the UK. However, it was frequently sidelined by the rising dollar. And finally the odd man out, the yen, remained remarkably steady at between 132 and 134 against the dollar.

The month of August was characterised by bullish sentiment on the dollar. This was because the high US economic growth rates were expected to fuel inflation and bring on a monetary tightening by the Federal Reserve.

The upward pressure on the dollar was a continuation of the trend which surfaced in July. The sentiment snowballed, since the market was already expecting higher interest, following the news that personal income and spending rose 0.7 and 1 per cent, respectively. Fed chairman Allan Greenspan's comment at the end of July that the economy was in a phase of relatively sustained expansion added more fat to the fire.

The market's expectation of robust US economic growth was backed by statistics that became available in the first week of August. A larger than expected rise in factory orders in June, 5.5 against 5 per cent expected, and a growth in non-farm employment in July, 283,000 against 250,000 expected, imparted momentum to the dollar. This sharp increase followed the increase in non-farm jobs in June from 346,000 to 532,000 reinforcing belief that US interest rates would remain firm.

The dollar's rally was primarily at the cost of the mark. Despite holding action by the Bundesbank, the dollar's forward momentum was not to be thwarted. By 10 August, the dollar had notched up a 19-month high against the mark, at 1.9250. The high was helped along by a 0.5 per cent increase in US discount rates on August 9 to 6.5 per cent, the first rise since September 1987. The discount rate hike itself, came as a surprise to the market since it appeared to be a surprisingly aggressive step to take so close to the November presidential elections. Economists had expected Fed action to be limited to nudging the overnight Fed Funds rate higher.

The sterling was the first major casualty, following the dollar's upsurge. The beneficial impact of the previous day's half point rise in British base rates, to 11 per cent was offset by the rise in the US discount rate. The pound, however, continued to be underpinned by its recent interest rate rise, to close at 1.6855 and continued to be well supported by its high interest rate differential.

The Fed's unexpected half point increase was, however, not fully carried through in the exchange markets. Worries of rising interest rates had a depressing effect on the Dow Jones industrial average, and on share and bond prices. The drop, especially in share prices, and rumours that the G-7 industrial nations were planning to hold an emergency meeting to discuss currency movement resulted in a retreat of the dollar. Further support for a weaker dollar came from interpretations that the discount rate hike was made to share up the dollar's defences against a deterioration in June trade deficit figures.

For the deutschmark, however, things looked bleak with little prospects for a discount rate hike, given the summer break of the board of directors of the Bundesbank till 25 August. German finance minister Gerhard Stoltenberg went on record saying that a further rise of the dollar would prove problematic. That, and the market's expectation of a wider trade deficit for the US in June, was able to push the dollar down to its pre-discount levels of around 1.90.

The US trade deficit for June, announced on 17 August, was worse than expected — it recorded $12.54 billion against the anticipated $11 billion. With the announcement the dollar slid to a low of 1.8500 marks and 131.30 yen. And it was quoted at 1.72 dollars to the pound. However, it recorded a sharp rebound in New York trading to end slightly above the previous day's close. Strong dollar buying support by Japanese institutional buyers resulted in a May-June trade deficit average of $ 11 billion. US commerce secretary William Verity then stated that, on a quarterly basis, the underlying trade balance remained favourable.

The subsequent upturn was more sustained, swift and something of an economic paradox. Economic orthodoxy seemed to be overpowered by buying pressure from Japanese peasant investors. Verity's denial of his statement that a dollar rate of 1.80 marks was favourable for the US, and US trade representative Carlton Yeutter's comment that the US was price-competitive at existing exchange rates, put the dollar on the way up.

The gung-ho sentiment on the dollar was not to be easily disrupted. Periodic central bank intervention (ie, by the Fed and Bundesbank) followed by concerted intervention by seven European central banks and Canada, starting 22 August, to sell the dollar for marks, seemed to be ignored by the market. In fact, on the first day of concerted central bank intervention (August 22) the dollar peaked at 1.9230 marks, very close to the level of 1.9250 after the discount rate hike. This, and the news that during the Federal Open Market Committee, meeting held on 29 June, the Fed had voted to tighten credit policy, reinforced the view that interest rate differentials would bolster investment in the US.

The dollar's surge was finally capped (for this month at least?) through rapid discount rate hikes by European countries, led by West Germany. The latter raised its discount rate from 3 to 3.5 per cent and was followed by Switzerland, France, Italy, Austria and Canada, which raised its prime rate. The surprise came from the UK which, with a record current account deficit of 2.15 billion in July, was forced to raise discount rates by 1 per cent to 12 per cent. The discount rate hikes were reinforced by strong statements from Bundesbank president Karl Oto Poehl that the dollar was not at levels agreed at the Louvre accord and that the Bundesbank would do all in its power to protect the mark.

Locally, the rupee continues to be managed well with an orderly decline against the dollar. The rupee has held close to the $ 7.00 to Rs.100 level for most of the month. It has held up well against the mark and the pound whereas it has remain unchanged against the yen. The big news of the month has been the breach of the psychologically important $ 7.00 barrier. The depreciation is expected to continue once loan repayments to the IMF are completed around September.

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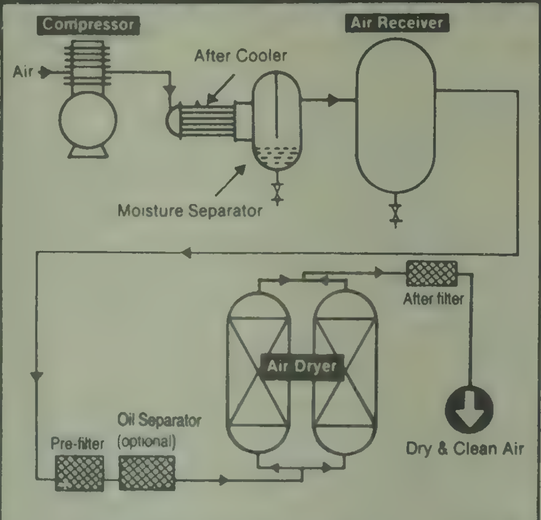
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Turmoil in Burma

The Burmese leader, Maung Maung, has said that the ruling Burma Socialist Programme Party (BSPP) will meet on 12 September to discuss a proposal to hold a referendum on the introduction of a multi-party system. The proposal is not a new one. Gen. Ne Win in his resignation etter had recommended it to the BSPP. At that time the party had rejected the dea and through its action provided the spark to set off the mass protests that continue to rock Burma.

Though the BSPP has now come around to the view that the referendum proposal can be discussed and has in fact, set a date for the debate, it is unlikely hat the people are going to be pacified. The massive protests and the fact that at east two towns are now in the control of he protesters indicate that the people prefer to move towards their destiny (whatever nebulous form it takes) rather han wait for 12 September.

Maung Maung cannot be blamed for rying to win time through procedural delay. He is a lawyer by training and one of the architects of the 1974 Constitution which legitimised one-party rule in Burma. If the referendum is held it will most certainly make many of the proviions in the constitution largely redundant. Maung Maung's decision to adopt a planned, procedural approach to an issue which will change the face of Burma can herefore be understood.

The protesters, unfortunately for him and the BSPP, do not understand this. Besides the mass enthusiasm for change which is now bursting forth after being bottled up for 26 long years, there are two reasons why the people of Burma are not buying BSPP's proposal.

One, since the removal of the 17-day-leader Sein Lwin, the Burmese security forces have not used much violence against the protesters. Maung Maung has a reason for making the army and the security police take a soft approach. He hopes that by tolerating the demonstrations he can avoid inflaming the people and thereby escape the fate of the hardliner, Sein Lwin.

The people, on the other hand, see his action differently. To them it is a sign of the increasing weakness and isolation of the BSPP government. Therefore, it is not surprising that since Maung Maung's accession to power the magnitude of the demonstrations has grown. For instance, on 22 August over 100,000 people demonstrated in the northern city of Mandalay.

The first, Aung Gyi, has asked Maung Maung and Tin Aung Hein, the chief justice, to form an interim government "in order to avoid anarchy and bloodshed". Clearly, the implication is that the present regime is incapable of maintaining law and order. The other dissident, Aung San Suu Kyi, has suggested the formation of a "people's consultative committee" to run the country until the referendum is held. Both these dissidents have distinguished credentials. Aung Gyi is a former army officer who was a confidant of Ne Win until he fell out with the general after criticising the BSPP regime's record on political and economic issues. Aung San Suu Kyi is the daughter of Aung San, the father of Burmese independence.

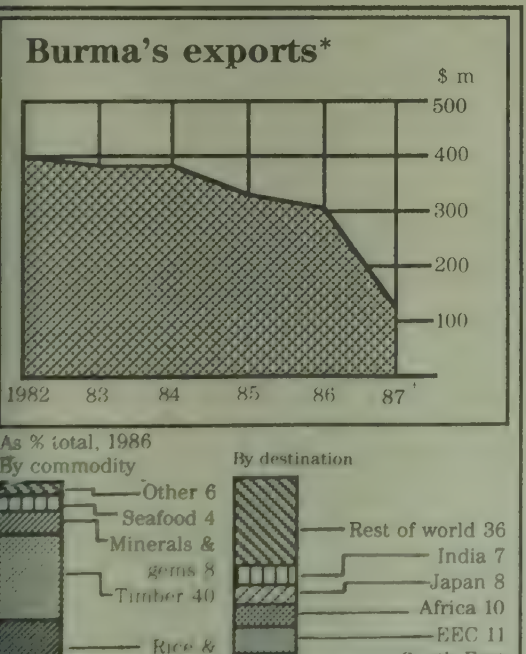
The importance of the demands made by these two dissidents is not whether they are workable, but that they have been made. To understand this one must note the peculiar nature of Burmese society. Unlike its neighbours, Burma does not have either a growing capitalist class or a vocal, numerically large, middle class. This is mainly because Burma's economic development has been pitifully low and slow. The "Burmese way to socialism" which Ne Win advocated has created a monolithic and inefficient state sector which has stifled all private enterprise. According to a statement made by BSPP's secretary-general Aye Ko on 19 August, Burma's main economic problems were "the shortage of foreign exchange, the decline in exports and imports, insufficiency in fuel oil, decreasing production, soaring prices and the high cost of living".

The chart on this page reproduced from a recent issue of *The Economist*, indicates the pathetic state of an economy which has large petroleum reserves, good quality timber, rich gem fields, and a plentiful supply of rice.

Another fact which the chart highlights is that while India accounts for 7 per cent of Burma's exports, it plays an inconsequential role in Burma's import trade. This is an anomalous situation when one remembers that until the mid-thirties Burma and India formed one administrative unit and that they share a fairly long border.

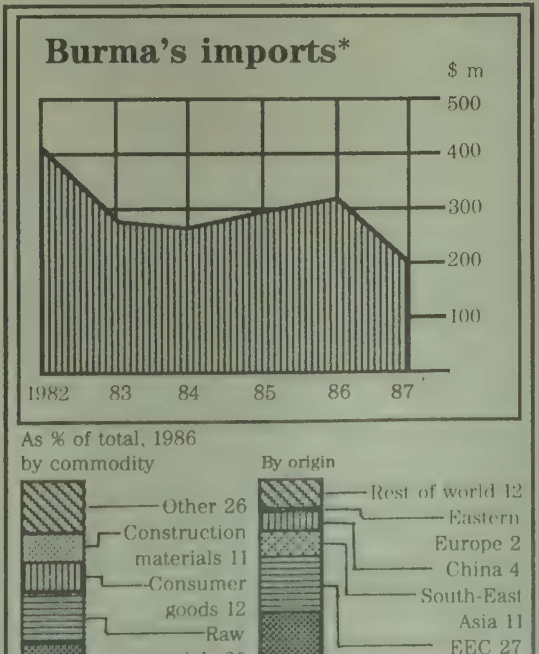
Perhaps the situation will change for the better when the protesters in Burma manage to turn the country into a pluralist society. That would create the political conditions which will nurture the growth of private enterprise. When this happens and the Burmese days turn cool again, India could take the initiative, perhaps by offering easy import credits, to improve its trade with Burma. Until then wait and watch.

■ VIJAYAN KANNAMPILLY



Burma's exports*

⁺ *First half of annual rate*



Burma's imports*

**Fiscal years beginning April 1st*

Source: EIU

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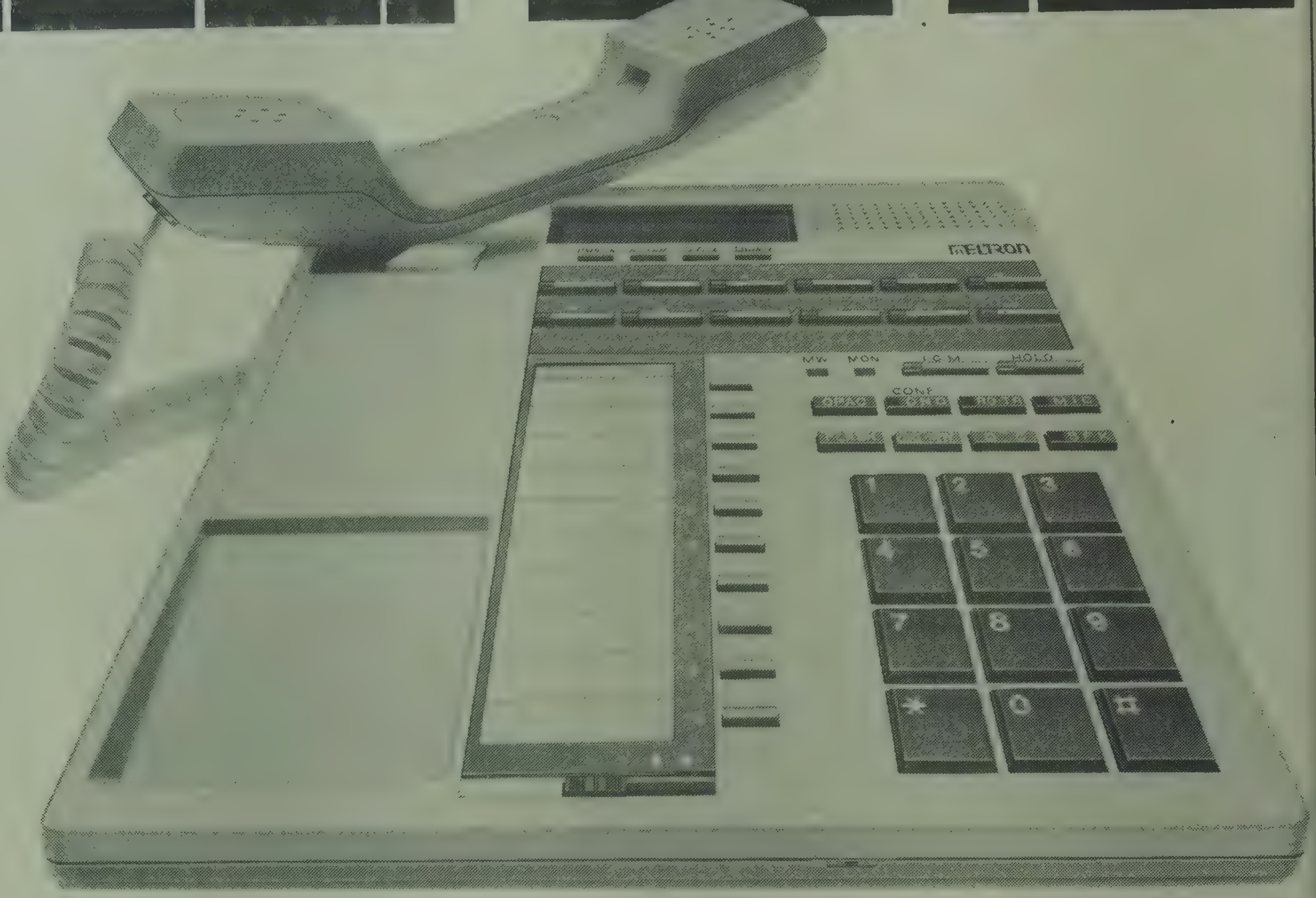

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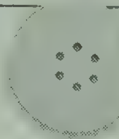

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THE SEOUL OLYMPICS

Saving the Games

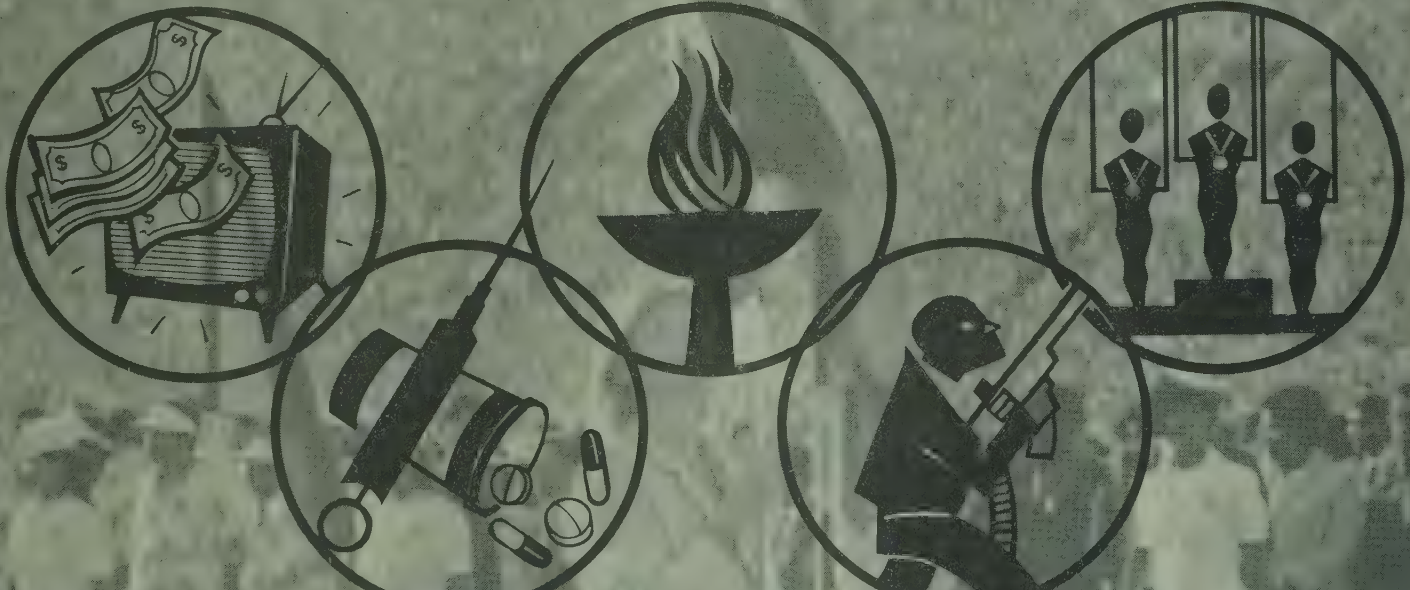

ILLUSTRATION: ELIZABETH SLOTE; PHOTO: BETTMANN NEWSPHOTOS

BY NOEL CARROLL
in Dublin, Ireland

THE OLYMPIC GAMES, conceived to bring out the best in humanity, seem well on the way to bringing out the worst. Boycotts, international terrorism, drug abuse, political demonstrations and commercial exploitation are now dominant. Running faster, jumping higher or throwing further have not got the sensation value they once had. The media today is hungry for shock and horror rather than the poetry of motion.

The Olympic Games are about sport. That may surprise a lot of people. The political, commercial, security and technical aspects of the Olympics are so prominent today that one could be forgiven for assuming sport was incidental to the festival.

Continued

Noel Carroll, public relations officer for the Dublin Corporation, represented Ireland as a distance runner in the 1964 and 1968 Olympics.

PHOTOS COURTESY OF N CARROLL

Author Noel Carroll, 46, as he won the 800-meter race this year in the Irish Master championships and (inset) as he competed a quarter century ago for the US university Villanova, when he also represented the Irish Republic as a distance runner in the 1964 Tokyo and the 1968 Mexico City Olympic Games.

(Continued from previous page)

This modern trend saddens me, as an athlete, as an idealist and as a human being witnessing the abuse of a treasure inherently valuable to all.

I competed in two Olympic Games—Tokyo in 1964 and Mexico City in 1968. The Olympics go this month to Seoul for the first return to Asia since Tokyo, the stage of the last truly sporting Games. The competitors in Tokyo 24 years ago were essentially amateurs. The celebration was essentially free of political or commercial intrusion. The Tokyo Games were organized impeccably without pressure or fuss. The Japanese reserved large sections of spectator space for children only—a human touch sadly lacking at other international events.

In Mexico City in 1968, I felt the winds of change. There were riots in the streets, "black power" salutes in the stadium and constant squabbles over commercial intrusions. Rumors were rife of athletes getting paid large sums to change the brand of their running shoes. The drug abuse program began. The slide had begun.

The Mexico City Olympic Games were the turning point in the modern Olympic movement. Aside from the insidious encroachment of power, money and dope, there was the fundamental error of judgment on the part of the International Olympic Committee in choosing a high altitude location. This basically undermined the principle of fair-play in the Games. Athletes were forced into long acclimatisation periods at high altitude. Our stay in Mexico City (six to eight weeks) was needlessly long and led to the fostering of discontent and exploitation.

The Olympic Games since Mexico City have been dogged with major problems:

▶Munich was terrorism;

▶Montreal was money and public scandal;

▶Moscow was boycotts and oppressive security;

▶Los Angeles was more boycotts and overt commercialism.

Are the Games of the XXIV Olympiad in Seoul to renew the true Olympic spirit of sport for its own sake or to provide another orgy of withdrawals, cheating, flag-waving nationalism, television dictatorship and commercial dominance?

I fear the latter. I am not opposed to the Olympics on TV or fair trade or nations feeling proud of their successful sons and daughters. On the contrary, the festive need in man is served by color and pageant and a sense of occasion.

What is wrong is states using success in sport for political ends, in pursuing

How to save the Olympic Games

Settle in Greece, curb TV and nationalism

THE SOLUTIONS rest in the hands of the all-powerful International Olympic Committee.

⊙ They must first of all designate a permanent site. I feel Greece would be ideal—it has tradition, climate and a location reasonably accessible. An Olympic state could be set up, not unlike the Vatican, with competing countries funding the Games.

⊙ Television rights would have to be curtailed, with all stations getting a fair share of the action and no concessions to the highest bidder.

⊙ To curb nationalism there would be no national flags or national anthems. Competitors would be eligible to compete on merit (if the 10 best sprinters in the world were from the United States, they all should be free to compete).

⊙ Very strict rules on fair play would have to be enforced. Prove drug users would be banned for li and any other forms of cheating if detected would be similarly punis

⊙ The Games would be restric to sports journalists alone, a mea difficult to impose.

⊙ All professional sportsmen a women would be free to take part the Olympic Games, but their age and commercial sponsors should banned—in terms of sport they a simply pests.

⊙ If a national team boycotted Games due to political pressure, entries would be accepted from individuals if they were clearly of Olympic standard.

—By Noel Car

success at all costs, including cheating and unethical risktaking.

What is wrong is television companies using massive sums of money to manipulate the timing and duration of events to the detriment of the athletes.

What is wrong is commercial sponsors dictating what athletes shall wear or not wear or use and not use without regard for their own choice.

What is wrong is reporters digging up stories which are not directly related to sport.

What is wrong is representing victories of human courage and spirit as victories of one political system over another.

The time has come for the Olympic family to look long and hard at the movement's direction. The founder of the modern version of the Games, Frenchman Baron Pierre de Coubertin, wanted to "build up a stronger and more valiant and, above all, more scrupulous and more generous humanity." Less than a a century later, we are doing poorly.

Friction will rise in Seoul. The security plans in place are awesome, the sale of TV rights will generate an income of over US$500 million (where will this money go?). Athletes are being offered massive bonuses by their national federations if they win medals. Drug tests, agents and commercial logos are far more likely to prevail than blood, sweat and tears.

This is the reality the Olympic Games face today. The next Olympic Games after Seoul will be in 1992 in Barcelona, Spain. In all probability, the Centenary Games in 1996 will see a return to Greece, the birthplace of the ancient Games. The time is opportune to challenge the distortions of the Olympic Games.

By its unique (and undemocratic) make-up and structure, the International Olympic Committee, which can do more or less what it likes, has the ability and power to make these and other such courageous and dramatic changes.

The Olympic Games are the best of sport—that marvelous, breathtaking and spectacular display of physical and mental prowess—and the highest struggle of civilized man. In sport, we can excel without suppression, we can overcome without destruction and we can rejoice without conquest. The Games must be protected and changed if the Olympic movement is to survive and flourish.♦

PHOTO: AP/WIDEWORLD

Jesse Owens (center) of the USA and Nazi Germany's Lutz Long in 1936 demonstrate that eliminating nationalism from the Games will be a long jump.

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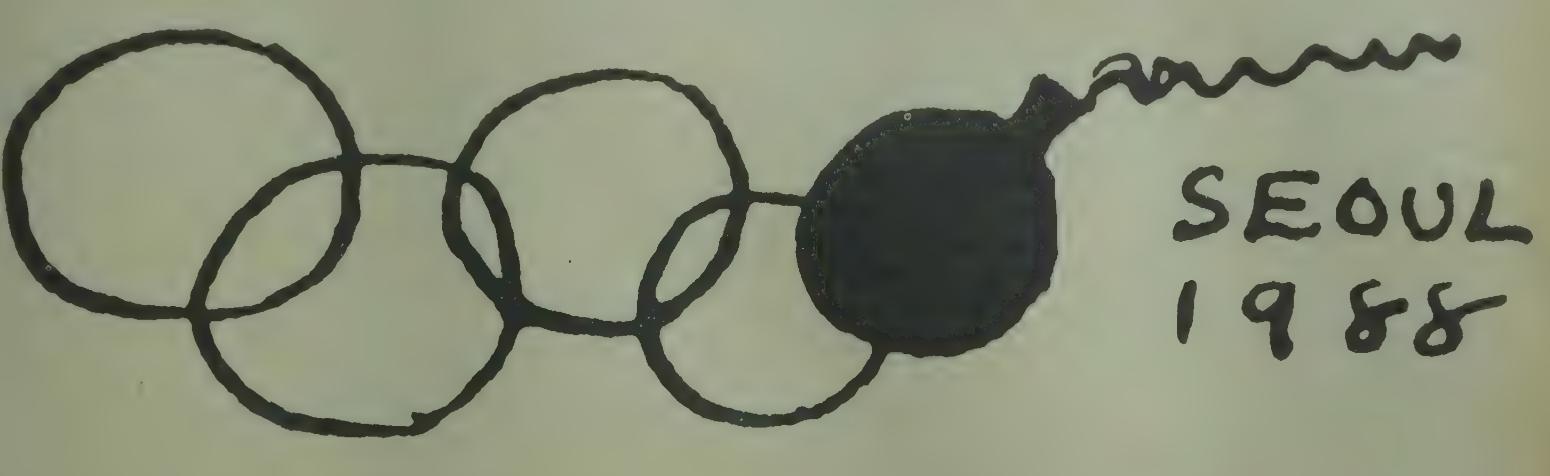

ILLUSTRATION: AUSTIN/THE SPECTATOR, LONDON

BY CHO GAB JE
in Seoul, South Korea

IT IS 1:10 p.m. on Sept. 17, 1988. At the Chamsil Main Stadium, 100,000 spectators, together with several billion television viewers around the world, watch the empty field. The solitude is shattered as a child appears rolling a silver hoop. This child was born Sept. 30, 1981, the day Juan Antonio Samaranch, the president of the International Olympic Committee, announced in Baden Baden that the 1988 Summer Olympic games would be held in Seoul.

The child innocently rolls the hoop across the green lawn to the Olympic flame, the play symbolic of the emergence into the world mainstream of South Korea, a divided nation locked in an ideological struggle and notorious for its Molotov cocktails, coups d'etat and economic miracle. During the Olympics, South Korea will move from the perimeter of East Asia to the center of the world stage.

Going north out of the main stadium along the course the Marathon will be run, one comes to the demilitarized zone (DMZ) along which 1.2 million crack troops mass. North Korea to the north of the DMZ not only has refused to participate in the Olympic games in a city so close but has threatened to block the games through terrorism. The 1988 Olympics, humanity's most peaceful event, are to be held in one of the most warlike locations on earth.

Former President Chun Do Hwan pledged in 1981 that he would work for the successful staging of the Olympic Games and that he would step down after one term in office. But many Koreans feared the overkill of Olympic publicity by Chun's military regime seemed a prelude to extending his dictatorship.

However, the Olympics tied the hand of the Chun regime during the massive political demonstrations in June 1987. They rendered impossible any hard-line response using military force. It was clear that any such harsh policy would endanger the success of the Olympic Games. The Olympics moved from being a means to preserve a dictatorship to a method of guaranteeing progress toward democracy as Chun stepped aside for the first direct election in December of a president, Roh Tae Woo.

> The 1988 Olympics, humanity's most peaceful event, are to be held in one of the most warlike locations on earth.

The Olympics have lessened political fears. The government is making efforts not to give the political opposition and students the slightest cause for threatening the successful holding of the Games. The opposition has decided not to launch an offense against the government before the Olympics. All sides fear being seen as a spoiler to the Olympics.

Crack ROK Special Forces have trained against terrorist acts. The police have established a system of disguised private taxis to collect intelligence concerning terrorism. The United States reportedly is enhancing its military presence, dispatching 10 ships headed by an aircraft carrier to the Korean peninsula, strengthening its air forces in Korea and reinforcing its army in Korea by around 6,000 men. The Seoul Summer Olympics will be under the sternest security precautions in history.

However, the solemnity will melt under the warmth of Korean friendliness that has grown so intense that letters in the newspapers decry over-friendliness for the Olympics. To avoid offending the 200,000 Olympic visitors, the government has even banned the sale of a favored Korea delicacy: dog stew.

As a result of the Olympics, not only will the world learn more about Korea, Koreans, with a world view narrow and biased to the point of chauvinism, will learn more about the world.

This is particularly true in the case of the Soviet Union, China and the Communist nations of East Europe, which Koreans have long been taught to view as the enemy. The large delegations from these lands will soften the Koreans' hardened view of Communism.

After the Olympic flame is extinguished in the Chasmil Main Stadium, the fall evenings will grow dark and chilly. Concern exists that the political atmosphere will undergo a similar change.

A theory of the post-Olympic crisis is based on the fear of a post-Games despondency. The Olympics for the time being have silenced a number of political issues. Many fear the close of the Olympics will signal the collapse of the bulwark which held back the tempestuous waves of protest.

During the last eight years, the government has treated the Olympics as its highest national political goal. Once they end, the government will have to offer South Koreans a new vision for facing the 21st Century.◆

Cho Gab Je edits a monthly magazine for the daily *Chosun Ilbo* in Seoul.

Taking a flutter on Games

British punters back national idols with cash bets

BY DAVID SINCLAIR
in London, England

IT WAS 16 CENTURIES ago that the Olympic games first began to attract serious criticism. People said the Olympic ideal had been betrayed, that the games had become too professionalized, that they were too political. As a result, the Roman Emperor Theodosius I decided that the Olympics should be discontinued. Not until 1896 were they resurrected in something like their present form.

If the complaints of Roman times sound familiar today, there is probably also another link between the modern Olympics and their forebears—gambling, which was as popular in the ancient world as it is now. Since Olympic victories have always been sources of great national pride, it seems inconceivable that those old Greeks would not have put their money where their mouths were. Certainly Olympic nationalism these days attracts financial support, at least in Britain.

"People want to back their idols," says Ron Pollard, of the leading British bookmakers Ladbroke. "They want to be able to sit at home and watch the events on TV and say that they backed a British winner."

In Pollard's experience, the punters only bet on their own countrymen. "If there's a very good British runner such as Steve Cram, then people will put money on it. Daley Tomson, the medal-winning British pentathlete is especially popular."

As well as placing wagers on individual events, the British gamble on the number of medals that will be won—but again their interest is strictly nationalistic. "We never get bets on how many medals the United States will win, or the Russians," says Pollard. "It's always how many medals Britain might get."

Perhaps surprisingly, given the international attention the Olympics attract and the vast televison coverage, the amounts wagered are not large. Pollard estimates that Ladbroke will receive about US$900,000 in bets on an entire Olympiad, compared with almost $12 million on a single classic horserace such as the Derby.

One reason may be that betting cannot open until about a week before the games begin, when the number of countries taking part is finally confirmed and the line-up for individual events is announced.

Pollard identifies the game's gamblers as small-time punters who, attracted by the ballyhoo, come in off the street to back their fancies. Nobody is going to make a fortune out of an event that takes place only once in four years.◆

David Sinclair writes in London for *The London Sunday Times.*

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THE SEOUL OLYMPICS

Staving off drugs

Medics hope testing is water-tight

By Nedd Willard
in Geneva, Switzerland

WITH OLYMPIC athletes growing more adept at using drugs and other illegal techniques to improve their performances, the Olympic Medical Commission is wagering on what it considers a water-tight system to detect body tampering in Seoul.

"We are facing increasing problems because of the sophistication of new methods such as blood doping and the increase of red cell production," says Dr. Arnold Beckett, the British member of the medical commission. The Olympics instituted drug testing at the Grenoble winter games in 1968. In Los Angeles in 1984, a dozen drug cases were discovered. One was discovered last winter in Calgary.

Doping involves such techniques as transfusions designed to pump in more red blood cells. By increasing the body's oxygen-carrying capacity, the process enhances the athlete's endurance.

Doping is banned among Olympic athletes, along with stimulants, narcotics, anabolic steroids, beta blockers designed to reduce hypertension and often used in marksmanship events and diuretics used to speed weight loss and the excretion of drugs before testing. Women athletes are tested for gender to make sure they are women.

Dr. James C. Puffer, the US Olympic team physician, says human growth hormones now available and indistinguishable from naturally occurring hormones may replace the steroids athletes use to increase muscle bulk and strength. They are considered dangerous because they can also stunt teenage growth and damage the liver and cardiovascular system.

He says a genetically engineered drug, erythropoietin releasing factor, promotes the production of red cells and also is indistinguishable from the natural body product.

The first four finishers and two other competitors selected at random in every individual event in Seoul will undergo drug testing within an hour after competition. Each athlete will be escorted throughout the procedure in which two urine samples are taken in sealed bottles for analysis.

If the first sample tests positive, the medical commission will test the second. On a second positive result, the commission will recommend the International Olympic Committee throw out the results of the event. In team sports, violations mean a match is forfeit. Users of drugs and other illegal methods are banned from competition. A Danish cycler died of drug abuse in the 1960 Games. British pole vaulter Jeff Guthridge was suspended from competition for life in July after a test taken unannounced during his pre-Olympic training showed positive for anabolic steroids.

"There is probably more drug abuse going on in society generally today than there was when the International Olympic Committee began testing for drugs," says Beckett. "But there is probably less in top sports competition when appropriate testing is carried out." ♦

Nedd Willard covers medical news from Geneva.

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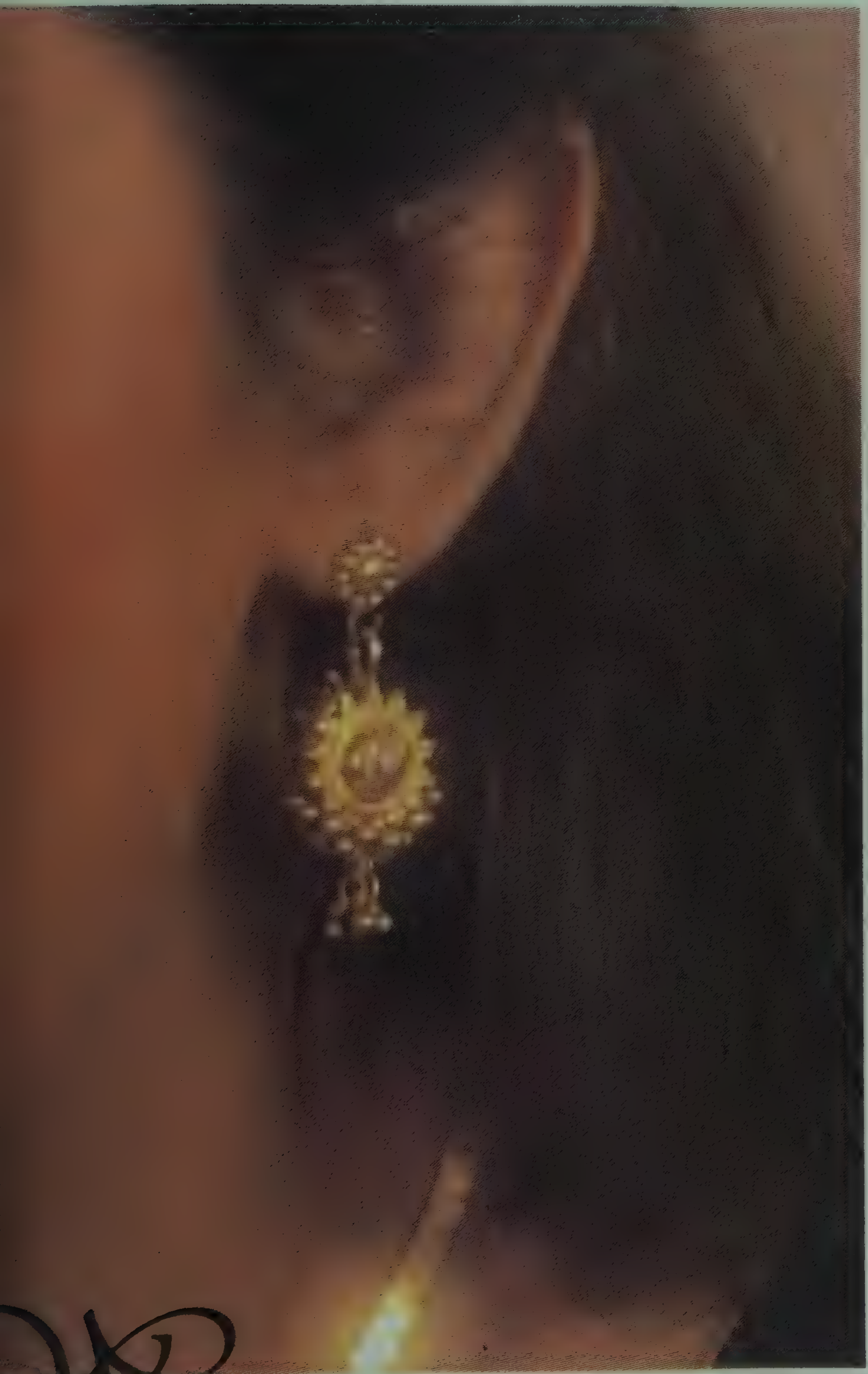

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igher turnover and exports; lower rofits due to higher depreciation; ividend maintained

ne company's turnover has increased om Rs.69.12 crores to Rs.83.75 crores, n increase of 21 per cent. Operating rofits are higher by 33 per cent at s.18.20 crores (previous year: Rs.13.72 ores). After interest charges of Rs.7.63 ores (Rs.6.92 crores), the gross profit is uch higher at Rs.10.57 crores. The net rofits are, however, lower at Rs.2.56 ores (Rs.3.03 crores). This is due to gher depreciation on the company's net xed assets amounting to Rs.7.53 crores Rs.3.77 crores) and a tax liability of s.0.48 crores. The company's main expenditure is on power for which it had to pend Rs.38.97 crores. The average power ost during the year was 107 paise per Wh against 97 paise last year.

The equity capital of the company has creased due to a bonus issue in the roportion of 1:5, followed by a rights sue in the proportion of 3:5. The comany maintained dividend at 26 per cent; ne outgo was Rs.2.78 crores (Rs.2.32 ores).

The second half year has been particarly good. The gross profits have ineased from Rs.2.99 crores to Rs.7.58 ores and net profit from Rs.0.59 crores Rs.3.33 crores.

The company is the first one in the untry to manufacture 100,000 tonnes of ustic soda per annum. In fact, the company produced 102,700 tonnes at 99 per cent capacity utilisation. The production of sodium cyanide also increased during the year to 1,570 tonnes at 78 per cent capacity utilisation. This is attributed to higher plant efficiency and greater market demand. The sale price of caustic soda was Rs.4,820 (Rs.4,545); the cost price was Rs.4,243 (Rs.3,900) per tonne. The sale price of sodium cyanide was Rs.34,075 (Rs.28,580); cost price was Rs.23,828 (Rs.24,223) per tonne. Thus margins have improved for this product. At 78 per cent capacity utilisation, there is room for more improvement. The raw material cost for the manufacture of caustic soda has also gone down this year due to the decrease in the price of graphite to Rs.47,204 from Rs.67,280 per tonne.

The soda ash project of 21,780 tonnes per annum to produce electronic grade super dense soda ash is under active implementation. The project is scheduled to be commissioned in July 1989. The salt washery project is expected to be commissioned by January 1989.

During the year 1987-88, the company exported chemicals valued at Rs.1.33 crores against Rs.0.58 crores in the previous year. During the year, major projects were at different stages of implementation. The company had therefore to provide higher depreciation. With all these projects going on stream within a year or two from now, sales and profits are bound to look up.

		(Rs. crores)
ear ended 31 March	1988	1987
ET SALES	73.47	60.36
THER INCOME	1.18	0.90
PERATING PROFIT	18.20	13.72
NTEREST	7.63	6.92
ROSS PROFIT	10.57	6.80
EPRECIATION	7.53	3.77
AX	0.48	—
ET PROFIT	2.56	3.03
QUITY CAPITAL	10.72	8.93
ESERVES	22.59	24.78
ET BLOCK	62.25	65.51
ET CURRENT ASSETS	19.81	9.26
PS (%)	23.88	33.93
IVIDEND (%)	26.00	26.00
ARKET PRICE (Rs) CURRENT	54.00	
1988: HIGH	54.00	
LOW	29.50	

Bombay Dyeing

Improved working; DMT plant a money spinner; prospects for current year uncertain as import duty hike affects DMT operations

Bombay Dyeing, the flagship of the Nusli Wadia group of companies, has fared extremely well during the year ended 31 March 1988. However, despite strong rumours in Dalal Street, a bonus issue did not materialise. This led to a fall of 40 points in the market price. Total income for the year at Rs.308.08 crores registered a growth of 40 per cent on annual basis. For the previous 18 months, the total income was Rs.330.46 crores.

The textile division's contribution to total sales has declined to 56 per cent (Rs.172.19 crores) and that of the DMT division has risen to 41 per cent (Rs.124.64 crores). The working of the textile division was affected by the steep rise in cotton prices (from Rs.11.4 per kg to Rs.16.9 per kg). Besides this, stiff competition from the powerloom sector and increased availability of synthetic fibres has also adversely affected operations. However, exports during the year were substantially higher.

		(Rs. crores)
Year ended 31 March	**1988**	**1987***
SALES & OTHER INCOME	308.08	330.46
OPERATING PROFIT	60.18	51.08
INTEREST	18.45	24.49
DEPRECIATION	18.79	17.25
PRE-TAX PROFIT	22.94	9.34
TAX	3.59	—
NET PROFIT	19.35	9.34
EQUITY CAPITAL	11.24	11.24
RESERVES & SURPLUS	55.99	40.01
LOAN FUNDS	128.94	149.39
NET BLOCK	164.80	173.84
NET CURRENT ASSETS	29.09	24.55
EPS (%)	172.20	83.10
DIVIDEND (%)	30.00	22.00
MARKET PRICE (Rs.) CURRENT	110.00	
1987: HIGH	143.00	
LOW	40.00	

** Figures for 1987 are for 18 months)*

Bombay Dyeing sold 59,354 tonnes of DMT against 48,166 tonnes in the previous 18-month period. The plant operated at rated capacity. The demand for DMT being good, the company was able to sell its entire production and is expanding capacity from 60,000 to 100,000 tonnes per annum. It is awaiting the government's approval for foreign collaboration.

The demand for DMT is strong as capacities for PSF and engineering plastics manufacture have shot up. However, much depends on the government's policy on DMT. Earlier, a government notification had urged PSF manufacturers to switch over from DMT to PTA. (DMT and PTA can alternatively be used as raw materials for producing PSF.)

Bombay Dyeing has threatened to close its DMT plant following the 85-120 per cent hike in import duty on the critical raw material, paraxylene. Earlier, in the first quarter of 1988, the international price of paraxylene had shot up from US $ 380 to US $ 660 per tonne. For producing one kg of DMT approximately 700 gm of paraxylene is used. So, at the current level of production, the cost escalation for paraxylene would work out to around Rs.45 crores.

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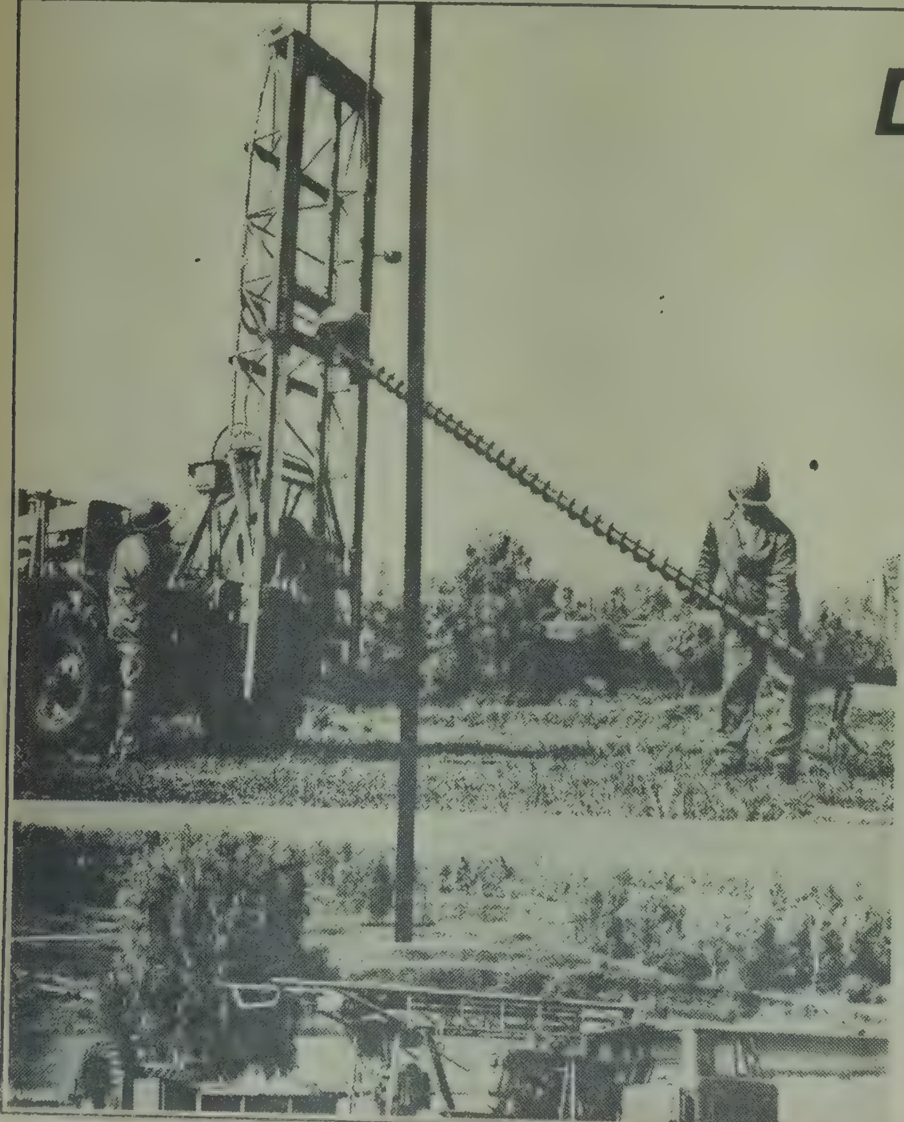

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The government had earlier refused to ise the price of DMT but subsequently lowed a Rs.1,500 per tonne increase. ie company maintains that this is not lequate to cover costs.

Despite adverse business conditions, e directors have stepped up the dividend to 30 per cent against 14.5 per cent innualised) in the previous period. Subantial improvement at the net profit vel must have prompted the directors raise the dividend. The gross margin, at .5 per cent (8.1 per cent) and net argin at 6.3 per cent (2.8 per cent), dicates improved working with limited crease in gross block (Rs.9.35 crores) nd in working capital (Rs.4.54 crores). ie company repaid various short-term ans (Rs.20.45 crores) out of its internal cruals. It is raising its paid-up capital om Rs.15 crores to Rs.50 crores to finance various expansion plans.

The company has disputed the income x demands and additional duty under ie FERA. The contingent liability in spect of disputed income tax works out about Rs.5 crores. However, reserves orth Rs.56 crores are sufficient to cover ny contingent liability becoming actual. ie company's prospects during the curent year are uncertain. Lower margins n DMT are bound to affect profitability.

olour-Chem

ecline in profitability; increase in put costs; new product lines being dded; future not very bright

olour-Chem Ltd, one of the leading companies in the dyestuff industry, has reorted a setback in profitability for the ear ended 31 March 1988. Though sales icreased by 9 per cent to Rs.73.24 crores previous year: Rs.66.95 crores), the oprating profit fell by 10 per cent to s.10.65 crores (Rs.11.82 crores).

The refund of excise duty during the ear amounted to Rs.13.27 crores Rs.13.73 crores). Together with other icome of Rs.2.89 crores (Rs.2.50 crores), ie total income of the company was s.89.40 crores (Rs.83.18 crores). After rovisions the net profit was Rs.2.99 rores (Rs.3.37 crores), reducing the arnings per share to Rs.37.65 Rs.42.45). The dividend was increased y two points to 20 per cent, giving a igher dividend payout to earnings ratio f 53 per cent (42 per cent).

		(Rs. crores)
Year ended 31 March	**1988**	**1987**
SALES	73.24	66.95
OTHER INCOME	2.89	2.50
EXCISE DUTY	13.45	13.85
OPERATING PROFIT	10.65	11.82
INTEREST	4.10	3.87
DEPRECIATION	2.31	3.01
PRE-TAX PROFIT	4.24	4.94
TAX	1.25	1.57
NET PROFIT	2.99	3.37
EQUITY CAPITAL	7.94	7.94
RESERVES	12.09	10.84
LOAN FUNDS	18.31	19.69
NET BLOCK	17.76	15.83
NET CURRENT ASSETS	19.11	21.57
EPS (%)	37.65	42.45
DIVIDEND (%)	20.00	18.00
MARKET PRICE (Rs)		
CURRENT	410.00	
1988: HIGH	420.00	
LOW	320.00	

The ratio of excise duty to sales was lower at 18 per cent (21 per cent). Profitability was affected due to the increase in raw material costs of both imported and indigenous items resulting in a squeeze on margins. The raw material costs went up by 21 per cent to Rs.41.53 crores (Rs.34.38 crores).

Colour-Chem is continuing its efforts to reduce its dependence on the textile industry. Offtake of products for the textile industry declined marginally. Sales of pigments for non-textile applications did not record any improvement. However, sales of leather chemicals increased significantly because of the spurt in the exports of leather goods. Indentified as a thrust area, the leather industry's exports are expected to exceed Rs.6,000 crores by the turn of the century. Exports of textiles touched a record of Rs.3,833 crores in 1987-88, raising hopes of a higher offtake of Color-Chem's products. Sales of organic intermediates registered satisfactory growth.

Colour-Chem's exports during the year increased to Rs.9.12 crores (Rs.8.39 crores). A 300-tpa plant to manufacture BON Acid (a dye intermediate) was commissioned; throughput and quality have been stabilised. The plant will assure supplies of intermediates for the company's business in organic pigments. A project to manufacture more organic chemical intermediates is being undertaken.

The company continues to experience escalations in raw material costs during the current year. Moreover, the turnover in the current year is reported to be showing only a marginal increase. However, hopes are that after the good monsoons the demand for some of the company's products should improve. Profitability would depend on the extent to which the company improves productivity and augments sales.

The company's operational controls appear to be improving over the years. Borrowings have declined to Rs.18.31 crores for the second consecutive year. This was in spite of an addition to fixed assets of about Rs.5 crores against Rs.2.5 crores in the previous year.

During the year, the company increased its investment in its subsidiary, Kundalika Investments Ltd, to Rs.25 lakhs, from Rs.91,000 in the previous year. Kundalika has become a wholly owned subsidiary of Colour-Chem. It earned net profits of Rs.63,647 in the year ended 31 March 1988.

Bayer AG and Hoechst AC, the company's technical and financial collaborators, together hold 33 per cent of the company's equity capital. At the current market price of Rs.410, the price to earnings ratio works out to 11.

Maharashtra Scooters Limited

Results for nine months only; profit substantially lower due to change in the accounting basis for UTI income; increased competition in scooter market; dividend cut

Maharashtra Scooters Ltd (MSL), jointly promoted by Bajaj Auto Ltd and a Maharashtra state government company, has reported lower profits. This is both because of the change in the basis of accounting for income from UTI units last year and because of the change in the accounting year, the year under review being of nine months duration ended 31 March 1988.

Last year, MSL had reported bumper profits mainly due to the income on units from UTI valued at Rs.10.96 crores, being accounted twice as the method of accounting was changed from cash basis to accrual basis. MSL's investments (Rs.47.22 crores) far exceed its gross block (Rs.7.45 crores). Advances against scooter bookings — Rs.39.20 crores — is fully covered by investment in units. For the period under review income from

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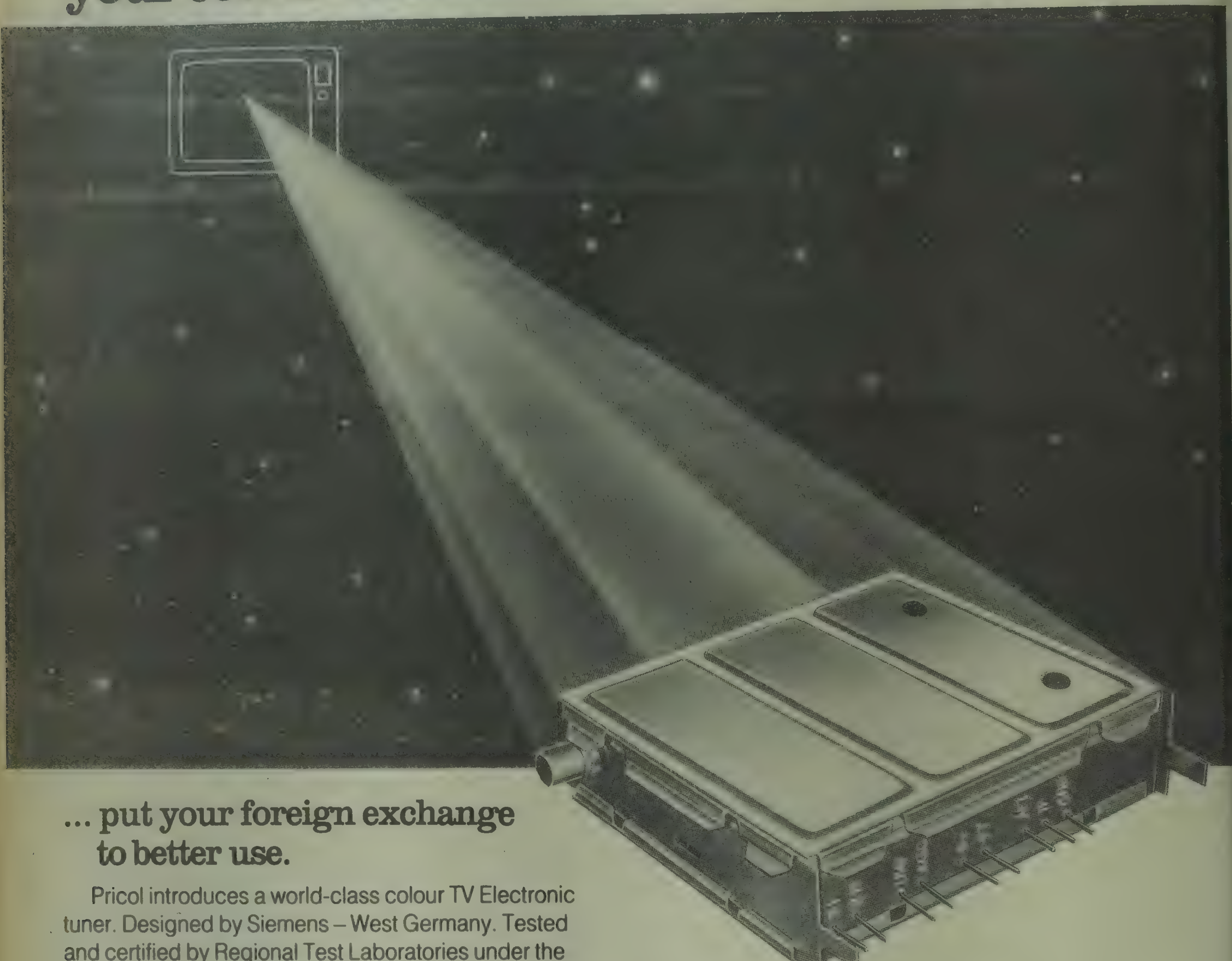

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		(Rs. crores)
SALES	60.99	79.65
OTHER INCOME	4.63	15.36
TOTAL INCOME	65.62	95.01
OPERATING PROFIT	7.75	19.07
INTEREST	2.62	3.62
DEPRECIATION	0.37	0.57
PRE-TAX PROFIT	4.76	14.88
TAX	1.70	2.25
NET PROFIT	3.06	12.63
EQUITY CAPITAL	2.86	2.86
RESERVES & SURPLUS	21.05	18.46
LOAN FUNDS	1.04	2.73
NET BLOCK	5.23	5.06
INVESTMENTS	47.22	47.22
NET CURRENT ASSETS	(27.51)	(28.24)
EPS (%)	106.90	441.60
DIVIDEND (%)	20.00	35.00
MARKET PRICE (Rs)		
CURRENT	190.00	
1987: HIGH	285.00	
LOW	130.00	

nits is nil.

MSL buys CKD packs from Bajaj Auto. fter assembling at its Satara plant, the cooters are sold under the brand name Priya'. Production during the period was 9,000 scooters. On an annual basis, prouction was approximately equal to that the previous year — 92,106 scooters. SL was barely affected by the strike at ajaj Auto's plant. In the last two years, SL has been operating at 106 per cent apacity.

MSL has been liberal in declaring diviends and bonus. But this year it has runed down dividend to 20 per cent. hus, compared to last year's 35 per cent ividend, dividend for the current period n an annual basis works out to 26.7 per ent only. This may be due to more inense competition in the scooters market. SL has an approximately 16 per cent hare of the scooter market, compared ith 14.5 per cent in 1986-87. The inrease is not due to higher sales but due the negative growth of the scooters arket.

Profits during the year were higher by s.1.13 crores on account of a change in e basis of accounting of sales-tax setff. Following the Companies Amendent Act, 1988, the set-off which was arlier accounted for on an assessment asis, is now accounted for on an accrual asis. The unit cost of a CKD pack (purchased from Bajaj Auto) works out to around Rs.5,750. After assembling, MSL realises around Rs.8,700 per scooter.

MSL is a cash-rich company with cash and bank balances of Rs.6 crores; inter-corporate deposits of Rs.13 crores; and other deposits amounting to Rs.3.5 crores. This is in addition to huge investments in units. The large amount of "liquid cash" is necessary to provide coverfor advances against scooter bookings. Though MSL pays interest on scooter deposits it earns a higher rate on units and inter-corporate deposits (16 to 18 per cent). Investments in units are considered a non-current asset while scooter deposits are treated as a current liability. This results in a negative working capital of Rs.27.51 crores.

TRENDS

Mangalam Cement

Mangalam Cement has shown a tremendous improvement in the results of the first half year ended June 1988. Gross sales have increased by 31 per cent to Rs.20.11 crores (Rs.15.39 crores). The operating profits have increased from Rs.1.81 crores to Rs.2.76 crores. This is mainly due to the lower cost of raw materials as a percentage of sales, which have remained stagnant at around Rs.1.66 crores. The wage bill has risen to Rs.73 lakhs (Rs.65 lakhs). After a lower interest burden of Rs.27 lakhs (Rs.31 lakhs), the gross profit has increased to Rs.2.49 crores (Rs.1.50 crores). After providing Rs.1 crore (Rs.0.95 crores) for depreciation and Rs.28 lakhs (Rs.8 lakhs) for taxes, the net profit works out to Rs.121.5 lakhs (Rs.47 lakhs).

The operating margins have increased from 11.76 per cent to 13.72 per cent. Raw material cost as a percentage of sales has decreased considerably from 10.72 per cent to 8.25 per cent. Better controls have reduced costs, while higher productivity and efficiency have increased margins.

The increase in sales is significant, as in the past two years sales had been stagnant after reaching a high of Rs.35 crores. The good monsoons should result in improved demand.

The sales figures show higher capacity utilisation leading to economies of scale.

The company has reduced its debt burden consistently. It is taking steps to increase the plant capacity to 6 lakh tpa from the present 4 lakh tpa.

The net earnings stand at 16.64 per cent of the equity capital.

	Jan-Jun 1988	Jan-Jun 1987	Jan-Dec 1987
			(Rs. crores)
SALES	20.11	15.39	30.57
OTHER INCOME	0.26	0.16	0.46
TOTAL INCOME	20.37	15.55	31.03
RAW MATERIAL COST	1.66	1.65	3.02
SALARY & WAGES	0.73	0.65	1.38
OPERATING PROFIT	2.76	1.81	4.59
INTEREST	0.27	0.31	0.70
GROSS PROFIT	2.49	1.50	3.89
DEPRECIATION	1.00	0.95	1.89
TAX	0.28	0.08	0.30
NET PROFIT	1.22	0.47	1.70
OP/SALES (%)	13.72	11.76	15.01
RM/SALES (%)	8.25	10.72	9.88

Tata Tea

The company has announced excellent results for the first half of this financial year which will last 15 months. The packaged tea division is to add significantly to the domestic sales figures. The company will be a major beneficiary of the tax-free status given to export earnings by the government. Sales have increased by 40 per cent to Rs.81.29 crores (Rs.57.95 crores). The company has successfully contained the costs of raw materials. Salaries accounted for Rs.23.35 crores

	Jan-Jun 1988	Jan-Jun 1987	Jan-Dec 1987
			(Rs. crores)
SALES	81.29	57.95	142.81
OTHER INCOME	4.00	3.53	8.30
TOTAL INCOME	85.29	61.48	151.11
RAW MATERIAL COST	5.32	5.21	9.48
SALARY & WAGES	23.35	21.10	45.43
OTHER EXPENSES	45.69	27.29	59.43
OPERATING PROFIT	10.93	7.88	36.77
INTEREST	3.50	3.74	7.22
GROSS PROFIT	7.43	4.14	29.55
DEPRECIATION	2.01	4.80	10.33
TAX	2.87	—	8.17
NET PROFIT (LOSS)	2.55	(0.66)	11.05
OP/SALES (%)	13.45	13.60	25.75
RM/SALES (%)	6.54	8.99	6.64

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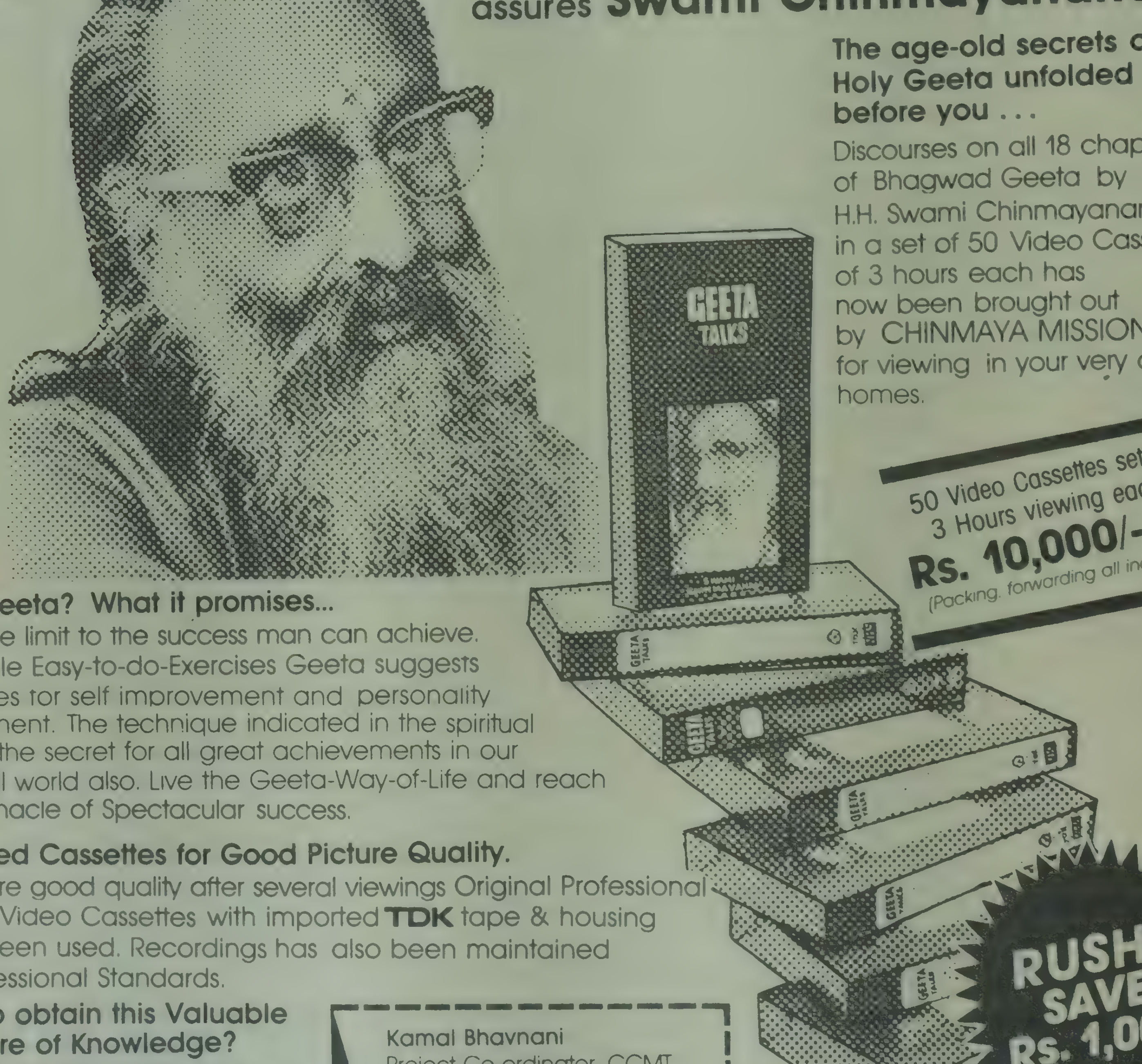

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Rs.21.10 crores). But expenses other an these have leap-frogged by 67 per ent to Rs.45.69 crores (Rs.27.29 crores).

The interest charges are slightly lower Rs.3.50 crores (Rs.3.74 crores). This as further enhanced the gross profit to s.7.43 crores (Rs.4.14 crores).

The provision for depreciation has een more than halved to Rs.2.01 crores Rs.4.80 crores), the provision for taxaon is Rs.2.87 crores (nil). But according company sources, depending on the esults of the current 15-month period, e tax liability will be significantly lower.

Even after these provisions, the comany has managed to be in the black, arning a net profit of Rs.2.55 crores comared with a loss of Rs.66 lakhs last year.

The operating margins are slightly wer at 13.45 per cent (13.60 per cent), en though the raw material cost as a ercentage of sales is significantly lower 6.54 per cent (8.99 per cent). This is ainly due to higher administration, selling and distribution costs.

The company has announced a bonus the ratio of 2:5 and an interim dividend 15 per cent. Henceforth, the dividend il! be on expanded capital ie, Rs.17.08 ores.

ay & Baker

ay & Baker has done well in the first alf year ended June 1988. Turnover and rofits have both improved.

Sales at Rs.26.08 crores are 22 per cent igher than in the corresponding period last year. But costs, too, have kept pace with sales; so margins have not improved. In fact they have decreased to 9.24 per cent of sales from 9.98 per cent though in rupee terms they have risen to Rs.2.41 crores (previous year Rs.2.14 crores).

The company seems to be managing its money better; as a result the interest burden in this half has fallen to Rs.89 lakhs (Rs.1.01 crores). The provision for depreciation is higher at Rs.44 lakhs (Rs.41 lakhs); provision for tax is Rs.52 lakhs (Rs.33 lakhs). Yet profits have improved to Rs.56 lakhs (Rs.39 lakhs).

The company's new plant at Paithan is expected to run at higher capacity, as it is presently working at satisfactory levels.

The second half is expected to be even better, as a few new products are planned to be introduced in the market. The major products to be added are a medium spectrum antibiotic under the brand name Emthrocin (tablets and syrups) and a new generation beta blocker (tablets and injectable).

Coupled with lower interest charges, the introduction of the new products will add to the company's profitability.

(Rs. crores)

	Jan-Jun 1988	Jan-Jun 1987	Jan-Dec 1987
SALES	26.08	21.45	46.60
OTHER INCOME	0.58	0.56	1.35
TOTAL INCOME	26.66	22.01	47.95
RAW MATERIAL COST	13.22	10.62	21.01
SALARIES & WAGES	6.45	5.23	11.79
OTHER EXPENSES	4.58	4.02	10.70
OPERATING PROFIT	2.41	2.14	4.45
INTEREST	0.89	1.01	1.87
GROSS PROFIT	1.52	1.13	2.58
DEPRECIATION	0.44	0.41	0.88
TAX	0.52	0.33	0.27
NET PROFIT	0.56	0.39	1.43
OP/SALES (%)	9.24	9.98	9.55
GP/SALES (%)	5.83	5.27	5.54
RM/SALES (%)	50.69	49.51	45.09

RESULTS ANNOUNCED

Ambalal Sarabhai Enterprises

For the 9-month period from 1 July 1987 to 31 March 1988, the company's turnover was Rs.126.13 crores, and the gross margin was Rs.13.17 crores. After interest of Rs.10.35 crores and depreciation of Rs.93 lakhs, the profit is Rs.1.89 crores, according to provisional results released by the company.

East India Hotels

The company's turnover jumped 22 per cent during the year ended 31 March 1988 to Rs.80.25 crores, while operating profit increased by 19 per cent to Rs.26.74 crores. The company has declared a 20 per cent equity dividend for the year.

Higher interest of Rs.12.03 crores (previous year: Rs.8.13 crores) and depreciation charges of Rs.5.54 crores (Rs.3.74 crores) have pulled down the profit before tax to Rs.9.17 crores (Rs.10.67 crores). After tax of Rs.2.24 crores (Rs.88.77 lakhs), the profit is Rs.6.93 crores (Rs.9.79 crores). From the Rs.6.97 crores available for appropriation, the dividend payout is Rs.4.06 crores (Rs.3.47 crores), the transfer to general reserves is Rs.75 lakhs, and the remaining Rs.1.99 crores has been carried forward in the profit and loss account.

Berger Paints

Berger Paints India Ltd (formerly British Paints) one of the leading manufacturers of paints in the country, has issued bonus shares on 1:1 basis. With this, the company will capitalise Rs.1.36 crores from its undistributed profits. Berger has also declared a dividend of 20 per cent for the year ended 30 June 1988.

During the year the company has also improved its sales to Rs.77.13 crores (previous year: Rs.69.90 crores). Profits for the year, after depreciation, amounted to Rs.2.10 crores (Rs.2.08 crores). After providing for tax and bringing forward the surplus from the previous year the profit available for disposal was Rs.2.56 crores (Rs.2.50 crores).

Essar Gujarat

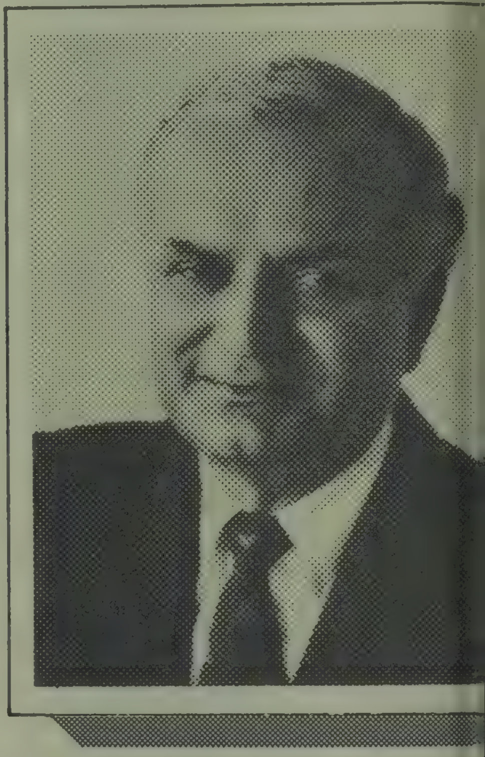
Essar Gujarat Ltd whose public issue early this year was oversubscribed five times is paying a 35 per cent dividend (pro-rata) for the year ended 31 May 1988. Total income was higher at Rs.47.11 crores (Rs.41.67 crores) and the gross profit has more than doubled to Rs.13.82 crores (Rs.5.32 crores). The provision for depreciation was Rs.6.57 crores (Rs.4.48 crores) and for taxation Rs.1.15 crores (Rs.13 lakhs). The net profit works out to Rs.6.10 crores (Rs.71 lakhs).

The increase in profitability has been attributed to Essar Energy, which operates offshore and onshore drilling rigs. The number of rigs under operation will double from four to eight in the current year. Work on Essar Steel, the group's Rs.305-crore sponge iron project is progressing.

IN BRIEF

Glindia Ltd has decided to pay an interim dividend of 9 per cent for the year ended 30 June 1988 on 20 million equity shares of the company. The dividend will be payable to those shareholders whose names stand on the register of members on 26 July 1988.

TIDE WATER OI



Dear Shareholders,

On behalf of the Board of Directors, I extend you a warm welcome to the 60th Annual General Meeting of your Company. The Directors' Report and Statement of Accounts have already reached you, and I shall take them as read.

Your Company was traditionally part of a Trading House and it is only in the post-Government takeover period that the concentration shifted from trading to manufacturing activity based on the most sophisticated foreign technologies that were available.

It is from this that your Company, which is a part of the Yule Group, derives pride and satisfaction and thus lives up to the corporate slogan 'Many Technologies-One Name'.

GENERAL

Although the effects of the severe drought conditions still prevail to a certain extent, I must record my appreciation of the remarkable resilience of the Indian economy in returning to the fast track of development. Industrial production has recorded a steady growth rate of 9.15% while agricultural production, in spite of setbacks, has maintained reasonable growth trends.

Of greater interest is the promise of further economic growth through the pursuit of realistic policies by the Government of India.

PERFORMANCE HIGHLIGHTS

I am glad to inform you that your Company has recorded yet another year of growth. This year, the turnover was Rs. 26.27 crores, a 12% increase over the previous financial year. Profit before depreciation stood at Rs.125.33 lakhs against Rs. 86.17 lakhs last year.

The Board of Directors have recommended an enhanced dividend of 20% on equity shares, amounting to Rs. 4.80 lakhs.

It is my privilege to mention that your Company completed sixty years of successful operation in the year 1988. In commemoration of the Diamond Jubilee Year, your Directors are happy to recommend a special dividend of 10% for the year under review. This is after providing for transfer to General Reserve an amount of Rs. 63 lakhs.

In the Diamond Jubilee Year, your Company sponsored the Calcutta leg of the Indian Masters' Satellite Tennis Tournament, 1988, as a contribution towards our national objective of promoting Sports.

EXPANSION & DIVERSIFICATION

Your Company has always laid emphasis on the anticipation of customer needs and keeping ahead of time. That is why it could foresee the rapid pace of development and inflow of advanced technology into India, especially in the fast expanding manufacturing industry.

The year under review saw the marketing of 'Tidol', India's first range of hi-tech synthetic, semi-synthetic and speciality lubricants. 'Tidol' is being manufactured at the Compan
Bombay plant and will serve the
advanced technological requireme
of the Indian industry.

TECHNOLOGY UPGRADATION

In meeting the needs of the Ind
industry, your Company has given
priority to innovation and technolog
upgradation. 'Tidol' is being manufactured in technical
collaboration with Cofran Group of
France whose technology is truste
over 60 countries around the worl

The need for technological
upgradation is all the more felt aga
the backdrop of energy conservati
and import substitution as the inte
parts of the nation's march towards
high technology era. 'Tidol' synthe
lubricants perform better in extre
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ency and extend the life of
inery. Moreover, 'Tidol' is an
rt substitute which will save
ble foreign exchange for the
n.

EARCH & DEVELOPMENT

ake pleasure in congratulating
Company's R&D Centre at
bay which has been accorded
gnition by the Department of
nce & Technology, Government of
. The R&D infrastructure consists
phisticated instruments and
oment. This has made it possible
velop customised products to
specific needs. I am sure, the
standards set by the R&D Centre
the top priority it places on
nilating and indigenising the latest
nology will enable it to keep pace
the need for constant innovation
orication know-how.

CUSTOMER SERVICE

I am happy to note that the technical personnel are ever alert in identifying and responding to problem areas, offering adequate solutions, and following it up with regular visits and field tests. Already 13 technical seminars have been held throughout India to promote the sales of the Company's range of synthetic lubricants. More such seminars will be held in the coming year. I am sure, your Company's customer service support will go a long way towards building a satisfied customer base and establishing it as a company known for its preventive maintenance service.

MANPOWER PLANNING

The emphasis your Company places on professionalism and management by foresight has resulted in an inspired team, honed on regular training programmes to develop special skills. Together with team building, your Company encourages the development of individual potential. I am sure, your Company's manpower planning will always keep pace with the demand for new and sophisticated operational techniques.

PROSPECTS

Your Company's VEEDOL range of lubricants has been enjoying the confidence of the clientele, both in the industrial and automotive sectors, over the last six decades. Now, with the new strength of your R&D Cell, VEEDOL lubricants will meet even more advanced future technological requirements of customers.

There can be no doubt about the growing demand for synthetic, semi-synthetic and speciality lubricants in India. Your Company will constantly pursue the development of new products in the future to meet this demand. Foresight and the drive to keep a step ahead will enable your Company to meet the new challenges of tomorrow.

Before concluding, I must record my appreciation of the unfailing support from the Company's customers, distributors, dealers and retailers who have contributed so much towards the healthy growth of the Company.

And finally, my sincere thanks to the Company's shareholders, bankers, financial institutions, the Staff, and to my colleagues on the Board for their support and valuable guidance.

Note: *This does not purport to be a record of the proceedings at the Annual General Meeting.*

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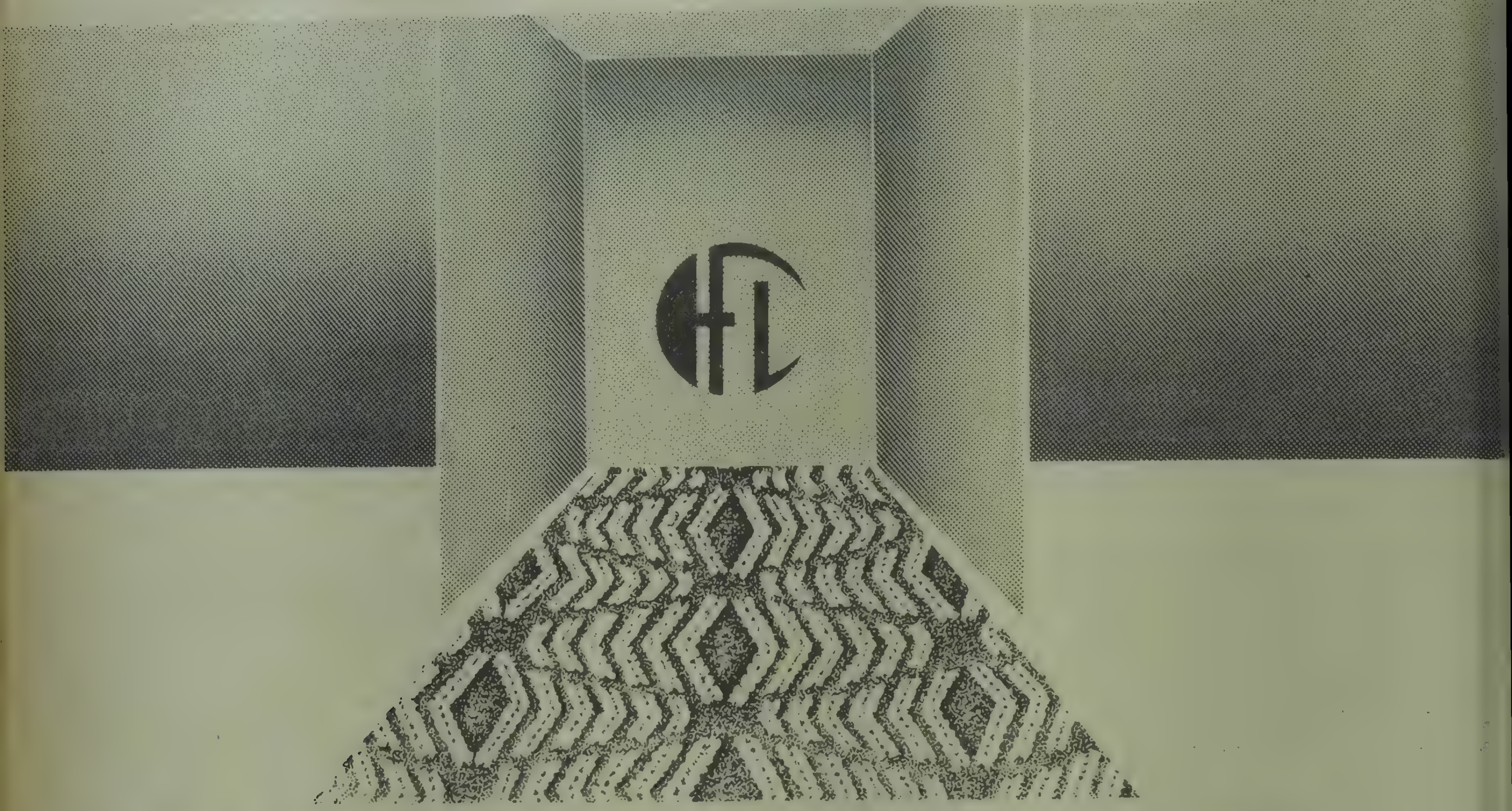

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HIGHLIGHTS

- ☐ Promoted by the Hitkari Group of Companies—other established ventures include:
  Hitkari Potteries, India's No. 1 in pottery manufacture and
  Hitkari Multifilters, again No. 1, in cigarette filter manufacture.
- ☐ Non-woven Fabrics—The fastest growing segment of the textile industry the world over.
- ☐ State-of-the-art plant—Purchased brand new, from West German firms, world leaders in this field.
- ☐ First of its kind in India—Over 100 such plants supplied worldwide (including U.S.A and Japan), by the same firms.
- ☐ High production capacity—Consumer benefits from the lower production cost.
- ☐ Sophisticated technology—Superior quality products and priced a lot lower than competitors' substitute products.
- ☐ Backward area benefits—Project entitled to capital subsidy, tax benefits and other incentives.
- ☐ The Rs. 780 lakh project is the first of its kind in magnitude in India.
- ☐ Trial production started. Commercial production begins soon.
- ☐ Countrywide distributor and dealer networks.
- ☐ 80 CC, wealth tax & other tax benefits.
- ☐ Listing at Bombay, Ahmedabad and Delhi stock exchanges.

Hitkari—the name that carries a premium

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ISSUE OPENS: SEPTEMBER 19, 1988

STOCKMARKET REVIEW

Paradoxes all around

(For the period 16 August to 26 August 1988)

While most indices measuring the progress of stock exchanges have stayed steady or even risen over the fortnight, the sluggish volume of trades tells a story of decline and lost pep.

The sluggishness is really very surprising. Corporate performance has been on the upswing: over the past fortnight, 27 annual or half-yearly earnings announcements were made; of these, 21 showed better earnings than for the previous corresponding period, with total after-tax profits rising from Rs. 80 crores to Rs.122 crores, an increase of more than 50 per cent. The financial institutions are flush with funds but there were strong rumours that the convertible debenture issue from Reliance Petrochemicals remained undersubscribed until the end of the fortnight in spite of excellent marketing. The response to the Reliance debentures was the most talked about subject. (Though at the time going to press Reliance has announced a great success.) So we have a paradox that might have puzzled even Xeno, the ancient Greek master of mathematical paradoxes.

Of course, the stock market never behaves in a neat, mathematical way. While the *Economic Times* All-India Index of ordinary share prices rose marginally by less than a per cent from 259.2 to 261.2, the BSE Index fell from 593.75 to 590.51, after peaking at 599.2 on 22 August. The difference between the two indices was almost certainly due to the 3 per cent fall in Reliance from Rs.200 to Rs.194.5.

The fall in Reliance would certainly have been greater had the share not been shifted on 25 August from the forward list to the spot-delivery section (Also shifted to this section was the new Reliance share.) This action followed large short-sales in the scrip on 21 and 22 August, obviously timed to coincide with the opening of the Reliance Petrochemicals public issue on 22 August. Those of a bearish persuasion, convinced that the price of the share had been "propped up" by "interested quarters", presumed, reasonably, that such propping would be less necessary with the opening of the RPL issue; hence followed the bear hammering.

The volume of trades in Reliance during these two days crossed Rs.40 crores against an average daily volume of Rs.7 crores. At one point on 22 August, the scrip was trading at Rs.188. The new shares of Reliance arising from the G Series conversion came in for nearly as severe selling since it was felt that there was even less need for supporting this version of the share. The new shares traded as low as Rs.119 on 22 August but recovered after the shift to spot to Rs.128, which still meant a drop of Rs.14 over the fortnight.

With these falls, the gap between the old and the new Reliance shares went from Rs.58 (or 29 per cent of the price of the old share) to Rs.66.50 (34 per cent of the price of the old share). Most analysts are forecasting a final dividend of less than 30 per cent for the share and support their argument by pointing to the decision to delay announcement till after the RPL issue. This makes arbitrageurs less keen to profit from purchases of the new shares without backing these up with sales of the old shares — an action now impossible because of the spot delivery condition. This has put greater price pressure on the new shares than on the old shares.

If Reliance captured centrestage during the fortnight, the sideshow definitely belonged to Modi Rubber, the flagship of the Modi group. With institutions controlling 40 per cent of the scrip, the public airing of intra-family squabbles led to keen speculative interest in the scrip. Both sides in the dispute along with the institutions are likely to be interested in controlling this very profitable company. The price of Modi Rubber has risen over the fortnight from Rs.50 to Rs.60.

National Organic, with its star line-up of petrochemicals with high import prices — including MEG — spurted from Rs.492.50 to Rs.512.50 on half-yearly earnings per share of Rs.33 (previous full year: Rs.48). Gujarat State Fertiliser also announced excellent half-yearly results, with half-yearly earnings per share up 40 per cent to Rs.5.24. A convertible debenture issue to finance a Rs.1,000-crore expansion is planned. Other fertiliser scrips were steady, with Zuari remaining unchanged at Rs.60 in spite of weaker half-yearly results and Gujarat Narmada rising from Rs.46 to Rs.46.50.

Larsen and Toubro announced a Rs.80 crore rights convertible debenture issu that disappointed the market because o its large size and average conversio price of Rs.62.50. The scrip fell fro Rs.114.50 to Rs.104.50. Mukand Iron announced a board meeting to declare bonus issue on 31 August, causing a ris in its price from Rs.83 to Rs.89. The market expects a 1 for 2 bonus at best. Bombay Dyeing announced a rise in the pric of DMT by Rs.6 per kg on 19 August. Thi caused its price to rise from Rs.111 t Rs.116 on announcement, but since th chairman's speech at the annual genera meeting next day did not mention a bonus, the price came down to Rs.107.50 The rise in the price of DMT means a immediate gain of Rs.36 crores to th company, which works out to more tha Rs.30 per share, but costs have also rise in proportion.

Badla rates declined from 22 per cen to 16 per cent, because of the sluggis market and a correspondingly highe proportion of short sales to total transactions. Total turnover declined from it average June and July level of Rs.5 crores to Rs.36 crores in August. Give that institutional purchases have increased as a proportion of total transactions, this decline has affected broker business and the trading floor of th Bombay stock exchange appears relatively deserted these days. In an effort t spur the market, the Bombay stock exchange eased the limit in carry-forwar across settlements from Rs.50 lakhs pe broker to Rs.1 crore. At the same time, signalled its seriousness about contro ling violators by suspending one of it members, Brijmohan Laxminarayan, fo irregularities, including the exceeding carry-forward limits.

The investing public seems to hav been scared away by volatile market insider trading and losses in the ne issues market. Until confidence is restored by the presence of a market tha operates smoothly without sudden closures, yields a decent return and is liqui investors will not return. Brokers ma blame institutions for not supporting th market and institutions can continue blame brokers for over-speculation; th are missing the essence of the problem — the absence of the investing public.

■ RAFIQ DOSSA

NEW ISSUES

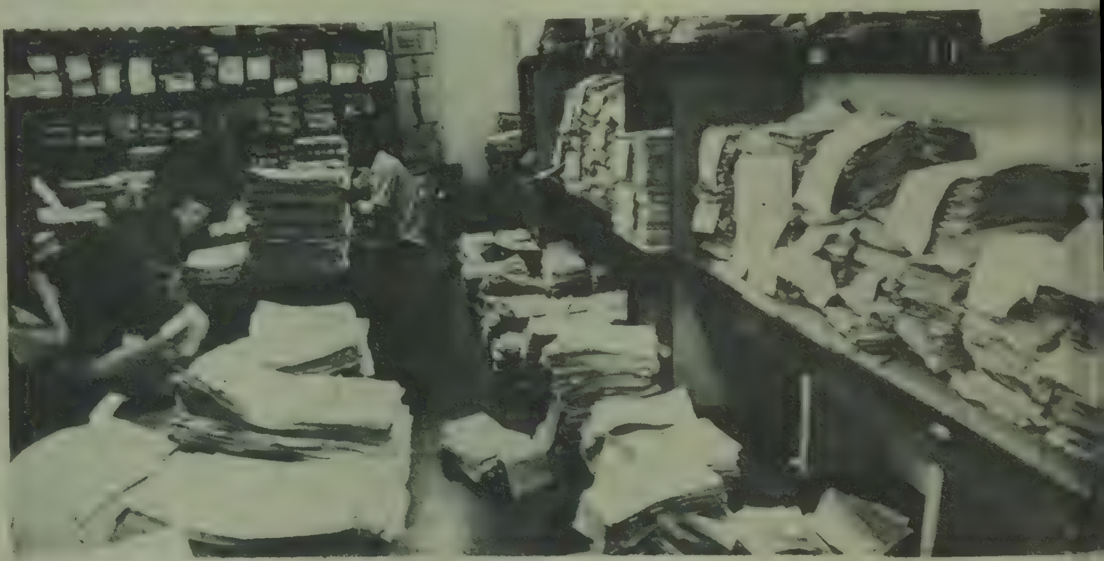
Reliance goes through

The high drama surrounding the Reliance Petrochemicals issue has subsided. To start with there were conflicting reports on the public response to the massive Rs.593 crores fully convertible debenture issue. The RPL issue opened for public subscription on Monday 22 August and by Thursday nervous merchant bankers and brokers proclaimed that it had come a cropper. However a company spokesman while admitting that the initial response to the issue was uninspiring says that applications really started flowing in from Monday 29 August. He adds that the company had already collected an impressive Rs.1,100 crores and data from 40 per cent of the centres were still flowing in. This would indicate an oversubscription of much more than the five times what RPL had originally estimated.

Surprising step. However in the days preceding the issue it was obvious that RPL's promoters, ie, Dhirubhai Ambani and Reliance Industries were very much under pressure. Two factors, adverse publicity in the press and the bear hammering of the Reliance scrip were responsible for this. To ward off undesirable publicity the company took the surprising step of filing a petition with the Supreme Court for restraining the *Indian Express* group of newspapers from publishing any article, comment, report or editorial in any of its editions in connection with the legality of the licences issued or permissions granted to Reliance. In an unprecedented move, the Supreme Court granted Reliance the order. However, the next day, when the Express moved the court, it was agreed that an article written by a fellow of the Indian Institute of Management did not violate the order but commented on other aspects of the issue. This article then appeared in all editions of the paper.

This is not the first time that RIL has moved the courts to restrain the Express group from publishing articles which it feels are damaging to its interests. When RIL floated its 'G' series debentures in 1987, its plea to the courts was that the Express group would be publishing articles without giving the company an opportunity to present its viewpoint to readers. The courts ruled that the newspaper could go ahead with the stories but a rejoinder from RIL should be given adequate space. The RIL-Express case raises several important issues on freedom of the press. Unfortunately, the case has not received the attention it deserves.

Inquiry urged. Another factor that "agitated" the RIL management before the RPL issue was the bear hammering on Dalal Street. One week before the RPL issue opened, Reliance equity (the old shares) was quoting around Rs.200 and in the non-specified list the "new shares" were available at Rs.143. Then came the selling wave which eventually resulted in the BSE authorities moving Reliance to the cash section. The price of the old shares had plummeted to Rs.188 and the new further down to Rs.119. There is a parallel here to what happened in 1982 when a syndicate of bear operators attempted to drive the price of Reliance down to Rs.100.



Reliance share department: coping with a large issue

There are rumours that rival business houses "ganged up" together in a "conspiracy" to send the Reliance share crashing in the secondary market thus damaging the prospects of the RPL issue. None of these charges have been substantiated. Market sources also feel the BSE's decision to move Reliance to the 'B' group helped the bulls considerably. To prevent a further slide in prices, there were massive purchases of Reliance shares last fortnight. But why were the purchases only restricted to the old shares observers ask. One broker says, "It's far too simplistic to say that there was bear hammering on Reliance just to sabotage the issue. The BSE should conduct an enquiry, and only then will an accurate assessment emerge." But how was the RPL issue actually affected by the strange happenings in the secondary market? •

Speculators indifferent. The unofficial premium on RPL which was placed at a comfortable Rs.70 one month before the issue slumped to Rs.25. Investors in Saurashtra, who are widely regarded as a "speculative lot", are believed to have lost interest in the issue. The premium on RPL was a mere Rs.10 in centres like Rajkot and Jetpur and in the absence of a spread, speculators were hesitant in picking up RPL debentures. In the eastern region, where Reliance (in association with Peerless) had made a strong promotion campaign, the response is also believed to have been poor. Ultimately, according to company spokesman, investors from north India, north Gujarat and Bombay came in large numbers, which resulted in the heavy oversubscription. In fact, a substantial portion of the money came in only during the last three days.

It is still too early to say whether preferential allottees or the general public were responsible for the full subscription of the RPL issue. RIL shareholders, who were given preferential allotment also had an option to subscribe to the public component of the issue. To what extent they exercised this option will be known shortly. The lead managers, ICICI say that given the awesome logistics of collecting application forms from all over the country, a detailed breakdown of the RPL issue will be available only in a fortnight. It will then prove or disprove the theory that stockbrokers were less than enthusiastic in pushing the RPL issue. Mang brokers are certainly unhappy with Reliance because the company scrapped underwriting for the issue. And brokerage fees which were 1.5 per cent to 3.5 per cent in the earlier Reliance issues was trimmed to 1.5 per cent across the board.

■ S.N. VASUKI

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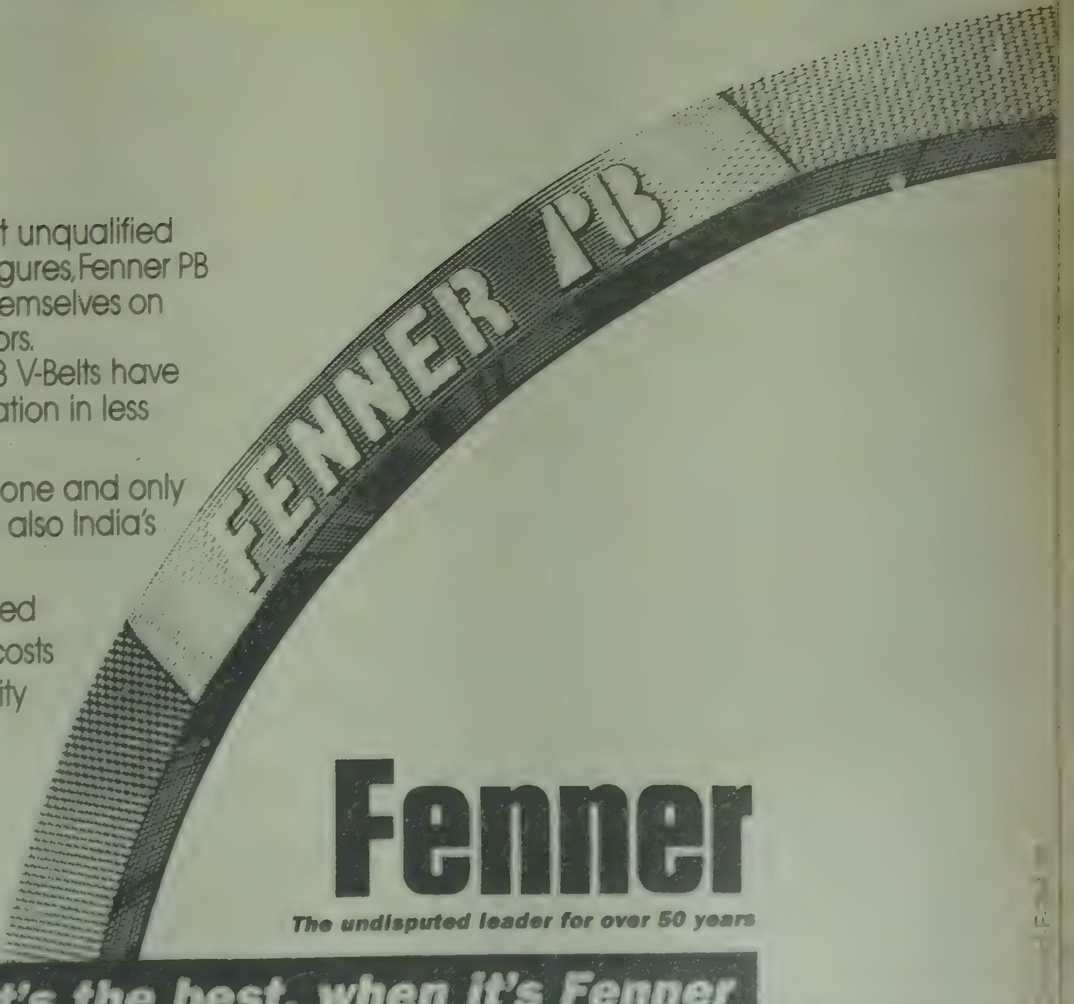

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Company Face value	Year Ebded	Equity Rs Cr	Re-serves Rc Cr	Book value Rs	Price 26.8.88	1988 High	1988 Low	EPS Year	In Rs Half-yr	PE Times	Dividend %	Yield %	Bonus Year	Ratio
A.P.SCOOTER,10	07/86	9.16	-9.47	-0.34	4.50	6.24	2.00	0.00	0.00	0.00	0.00	0.00	0	
ACC,100	07/87	40.85	106.60	380.95	233.00	256.50	120.50	0.83	280.72	0.00	10.00	4.30	86	1:5
AHM CALICO,125	06/87	13.56	16.43	276.46	29.00	41.00	25.00	134.66	0.22	0.00	0.18	7.50	77	1:7
AHM ELECTRIC,100	03/87	16.74	64.75	486.80	148.75	150.00	120.00	50.60	2.94	0.00	16.00	10.80	87	1:5
ALFA LAVAL,10	12/87	5.21	15.07	38.93	63.00	74.00	46.00	5.83	10.81	1.42	18.00	2.86	86	1:2
ALLWYN NISSAN,10	06/87	16.84	0.15	10.09	8.00	11.00	3.76	-2.20	0.00	0.00	0.00	0.00	0	
AMAL RASAYAN,10	03/88	1.48	2.81	28.99	72.00	82.00	42.00	12.16	5.92	10.80	10.00	1.39	0	
AMB SARABHAI,10	06/87	22.20	-3.61	8.37	12.75	16.00	10.00	0.00	0.00	0.00	0.00	0.00	82	1:5
AMFORGE,10	03/88	5.33	8.92	26.99	30.50	32.00	23.00	3.75	8.13	4.29	22.00	7.21	0	
ANDHRA CEMENT,10	03/87	9.51	11.54	22.13	11.00	14.50	7.75	0.72	15.28	0.00	10.00	9.09	67	1:2
ANDHRA VALLEY,100	03/88	10.51	38.33	464.70	172.50	195.00	142.50	110.94	1.55	121.79	16.00	9.30	75	1:9
ANDREW YULE,10	03/87	9.41	22.81	34.24	15.50	24.00	15.50	217.12	0.07	0.00	10.00	6.45	67	2:5
ANNAPURNA FOILS,10	03/88	9.05	0.00	10.00	8.00	12.25	6.00	0.00	0.00	0.00	0.00	0.00	0	
APPLE LEASING,10	09/87	3.56	0.81	12.28	14.00	20.00	11.50	2.03	6.90	3.93	23.00	16.43	0	
APPOLLO HOSP,10	06/87	5.44	0.14	10.26	10.50	12.00	8.50	1.47	7.14	3.16	10.00	9.52	0	
APPOLLO TYRES,10	10/87	7.75	1.34	11.73	26.25	34.50	22.75	18.53	1.42	7.29	0.00	0.00	0	
ASEA,10	12/87	3.00	7.33	34.43	53.25	68.00	38.00	3.80	14.01	0.00	18.00	3.38	0	
ASHOK LEYLAND,10	12/87	21.39	72.03	43.67	46.50	50.00	29.00	3.60	12.92	1.70	18.00	3.87	78	1:2
ASIAN CABLES,10	12/86	3.03	5.00	26.50	42.75	50.50	30.00	4.32	9.90	7.70	17.00	3.98	81	1:3
ASIAN HOTELS,10	09/87	13.64	1.30	10.95	35.50	40.50	28.00	1.79	19.83	2.80	10.00	2.82	0	
ASIAN PAINTS,10	12/87	12.45	32.81	36.35	161.25	175.00	128.75	10.07	16.01	0.00	30.00	1.86	87	1:2
ASSAM CO,10	06/87	7.00	18.20	36.00	100.00	112.50	90.00	6.43	15.55	6.44	40.00	4.00	85	1:1
ASSAM FRONTIER,10	06/87	3.00	6.80	32.67	106.25	120.00	91.00	11.10	9.57	12.40	50.00	4.71	0	
ASTRA IDL,10	06/87	2.50	1.86	17.44	27.00	35.50	27.00	2.72	9.93	3.52	10.00	3.70	0	
ATLAS COPCO,10	12/87	7.26	7.96	20.96	47.00	63.50	33.50	1.65	28.48	0.00	16.00	3.40	87	1:2
ATLAS CYCLE,10	06/87	1.15	4.73	51.13	48.00	69.00	36.00	5.00	9.60	4.80	20.00	4.17	87	1:2
AVERY INDIA,10	12/87	4.20	9.34	32.24	106.00	131.00	93.00	8.57	12.37	0.00	35.00	3.30	84	2:5
BAJAJ AUTO,10	06/87	18.81	175.00	103.04	263.75	267.50	182.50	34.32	7.69	22.43	80.00	3.03	87	1:1
BAJAJ PLASTIC,10	12/87	1.50	4.94	42.93	17.50	36.00	17.00	1.20	14.58	-3.80	0.00	0.00	86	1:1
BAJAJ TEMPO,10	09/87	6.60	42.10	73.79	73.75	95.00	65.50	3.15	23.41	2.53	12.50	1.69	86	1:1
BAKELITE HYLAM,10	06/88	4.50	8.21	28.24	24.00	27.50	15.00	2.76	8.70	0.00	18.00	7.50	80	2:3
BALLARPUR,10	06/87	13.98	266.25	200.45	48.50	48.50	34.00	3.52	13.78	2.02	22.00	4.54	75	1:5
BARODA RAYON,100	06/87	12.14	18.05	248.68	235.00	282.50	140.00	-46.71	0.00	0.00	0.00	0.00	82	1:2
BASF,10	12/87	2.84	11.14	49.23	87.50	100.00	63.33	7.01	12.48	4.61	20.00	2.29	88	1:2
BATA INDIA,10	12/87	10.50	17.18	26.36	62.75	75.00	52.25	3.70	16.96		15.00	2.39	87	1:1
BATLIBOI,10	09/86	2.79	4.42	25.84	11.00	17.50	10.50	0.00	0.00	0.00	15.00	3.64	0	
BAYER INDIA,100	12/87	16.22	11.19	168.99	365.00	365.00	285.00	27.25	13.39	25.46	16.00	4.38	0	
BEST & CROM,10	12/86	4.73	18.64	49.41	39.00	39.00	30.00		0.00		15.00	3.85	82	3:5
BHADRA PAPER,10	09/87	10.57	17.51	26.57	24.00	28.50	22.50	4.16	5.77		20.00	8.33		
BHARAT FORGE,10	09/87	5.27	24.50	56.49	127.00	146.00	103.00	10.21	12.44	17.22	25.00	1.97	81	1:1
BHARAT GEARS,10	07/87	4.03	6.98	27.32	12.50	18.00	10.00	2.08	6.01		12.50	10.00		
BIHAR ALLOY,10	12/87	8.20	-11.24	-3.71	15.00	19.25	12.75	1.45	10.34			0.00		
BIMETAL,10	06/86	1.91	6.70	45.08	70.00	75.00	50.00	4.35	16.09	5.24	20.00	2.86	81	1:2
BINDAL AGRO,10	12/87	3.79	2.85	17.52	87.50	112.00	52.00	11.35	7.71		5.62	0.64		
BIRLA JUTE,10	03/88	20.37	83.19	50.84	42.00	45.00	32.00	0.11	381.82		14.00	3.33	86	1:1
BIRLA YAMAHA,10	08/87	8.00	0.17	10.21	8.75	16.00	8.50	0.21	41.67			0.00		
BLOW PLAST,10	07/87	1.00	4.61	56.10	32.50	62.50	29.00	30.80	1.06		30.00	9.23	87	1:1
BLUE STAR,10	06/87	3.55	7.32	30.62	39.00	48.00	37.00	6.51	5.99	7.95	18.00	4.62	86	3:5
BOM BURMAH,100	09/87	5.52	14.56	363.77	360.00	510.00	350.00	36.59	9.84	37.21	20.00	5.60	78	1:4
BOM DYEING,10	03/87	11.24	40.01	45.60	107.50	159.50	94.00	5.54	19.40	14.02	14.70	1.37	79	1:1
BOM SUBURBAN,100	03/88	5.85	64.09	1195.56	192.50	192.50	150.00	104.79	1.84	0.00	20.00	10.40	81	1:3
BOOTS,10	03/88	8.10	6.76	18.35	86.00	110.00	64.00	4.95	17.37		18.00	2.09	87	1:1
BOROSIL GLASS,10	12/87	2.25	6.83	40.38	81.50	98.00	50.00	5.29	15.41		20.00	2.45	82	1:2
BRITANNIA,10	11/87	12.38	20.98	26.95	81.00	101.00	75.00	7.70	10.52	2.57	24.00	2.96	87	2:5
BROOKE BOND,10	06/87	24.73	22.90	19.26	88.50	95.00	74.50	5.83	15.18	7.04	30.00	3.39	86	3:5
BURROUGHS,10	08/87	3.00	11.76	49.20	135.00	170.00	115.00	3.93	34.35	8.33	15.00	1.11		
C.E.S.C.,10	03/87	16.94	82.17	46.70	14.60	18.50	12.50	5.59	2.61		16.00	10.96		
C.P.TOOLS,100	12/87	4.57	9.43	306.35	410.00	790.00	410.00	57.02	7.19	7.88	18.00	4.44	77	1:3
CABLE CORP,10	12/87	9.00	10.99	22.21	42.50	43.00	26.00	5.19	8.19		18.00	4.24		
CARRIER AIRCON,10	03/88	6.25		10.00	21.00	25.50	10.50		0.00			0.00		
CEAT TYRES,10	06/87	9.32	65.94	80.75	62.50	88.00	52.50	13.20	4.73	15.43	25.00	4.00	86	1:2
CEMINDIA,10	09/87	1.28	7.27	66.80	82.50	110.00	82.50	10.16	8.12	7.48	27.00	3.27	84	3:5
CENTURY ENKA,100	12/87	11.87	69.85	688.46	1595.00	1630.00	1080.00	118.03	13.51	140.94	38.00	2.40	88	2:5
CENTURY SPIN,100	12/87	26.62	203.09	862.92	935.00	935.00	617.50	59.91	15.61	23.78	24.00	2.60	86	2:3
CHAMPAGNE,10	12/86	2.00	-0.69	6.55	13.00	30.00	12.00		0.00			0.00		
CHLORIDE,10	08/87	20.65	13.55	16.56	63.75	79.00	60.00	4.46	14.29	5.20	31.00	4.86	86	3:5
CIFCO FINANCE,10	07/87	4.80	0.41	10.85	7.50	10.00	3.50	1.79	4.19		14.00	18.67		
CITURGIA,10	03/87	3.38	5.02	24.85	75.00	77.50	62.00	8.63	8.69	3.54	35.00	4.67		
COLGATE,10	12/87	15.72	15.18	19.66	221.25	228.75	160.00	9.63	22.98	6.62	50.00	2.26	87	1:1
COLOUR CHEM,100	03/87	7.94	12.09	252.27	400.00	420.00	320.00	37.66	10.62	38.69	20.00	5.00	80	2:5
COMET STEEL,10	03/87	6.13		10.00	10.00	16.00	9.00		0.00			0.00		
COROM FERT,10	03/87	24.32	36.61	25.05	26.00	35.00	21.00		0.00		8.00	3.08	86	1:2
COSMO FILMS,10	12/86	2.32	5.88	35.34	45.00	77.50	42.50	4.73	9.51	8.59	18.00	4.00		
CROMPT GREA,100	06/87	9.60	58.48	709.17	450.00	470.00	285.00	5.57	80.79	55.42	15.00	3.30	79	1:3
CYANAMID,10	11/87	5.25	10.26	29.54	38.50	52.00	34.50	2.46	15.65	1.47	10.00	2.60		

Company Face value	Year Ebded	Equity Rs Cr	Re-serves Rc Cr	Book value Rs	Price 26.8.88	1988 High	1988 Low	EPS Year	In Rs Half-yr	PE Times	Dividend %	Yield %	Bonus Year	Ratio
DCM MILLS,10	06/87	23.02	52.94	33.00	33.00	43.00	28.75	0.50	66.00			0.00	71	4:5
DCM TOYOTA,10	06/87	15.00	-7.25	5.17	7.50	13.50	6.50		0.00			0.00		
DEEPAK FERT,10	03/88	14.82	7.05	14.76	37.00	45.00	23.00	3.03	12.21		18.75	5.07		
DEEPAK NITR,10	10/87	2.43	4.01	26.50	36.00	44.00	27.50	3.99	9.02		15.00	4.17	85	1:2
DEMPO STEAM,100	06/85	2.00	-9.83	-391.50	5.00	6.50	5.00		0.00			0.00		
DHARAMSI,10	12/87	6.24	10.44	26.73	23.50	25.00	14.00	1.04	22.60		10.00	4.26	79	2:5
DR.REDDYS,10	12/87	1.37	0.81	15.91	57.00	86.00	46.25	4.53	12.58		20.00	3.51		
DUNCAN AGRO,100	12/86	2.03	14.11	795.07	155.50	176.00	151.00	92.12	1.69		15.00	9.60	77	1:2
DUNLOP,10	03/88	11.99	64.48	43.95	69.25	83.00	61.00	10.64	6.51		30.50	4.40	76	1:3
E.I.HOTELS,10	03/87	23.84	37.31	25.65	50.00	53.00	38.00	4.14	12.08	6.16	20.00	4.00	84	2:5
E. MERCK,10	12/87	5.94	5.04	18.48	58.50	67.50	44.00	2.22	26.35		16.00	2.74	86	3:5
EICHER MOTORS,10	04/87	3.96	1.02	12.58	9.00	10.00	5.50	6.39	1.41	-4.85	12.00	13.33		
EID PARRY,10	06/87	6.28	5.12	18.15	32.00	39.50	25.50	1.39	23.02	1.53	15.00	4.69		
ELECON ENG,10	12/87	5.65	24.76	53.82	45.00	73.00	43.00	4.60	9.78		15.00	3.33	87	3:5
ENFIELD,10	06/88	5.04	9.45	28.75	9.75	11.50	8.25	-1.59	0.00			0.00	85	1:1
ENGLISH ELECT,10	03/88	9.00	16.37	28.19	55.00	66.00	47.75	4.88	11.27		15.00	2.73	87	1:1
ESCORTS,10	12/87	27.59	69.82	35.31	48.00	54.50	38.00	2.74	17.52	2.36	22.00	4.58	86	3:5
ESKAYEF,10	11/87	5.00	16.76	43.52	117.50	147.00	97.00	11.58	10.15	8.05	25.00	2.13	88	1:2
ESSAR SHIPPING,10	12/87	34.87	37.98	20.89	17.25	26.50	15.50	2.23	7.74		20.00	11.59		
EXCEL,10	09/87	4.62	7.12	25.41	54.50	59.50	34.00	1.30	41.92	7.19	10.00	1.83	84	4:5
FAG PRECISION,100	12/87	3.36	7.09	311.01	122.50	122.50	105.00	9.79	12.51		10.00	8.20		
FERRO ALLOYS,100	06/87	5.52	18.78	440.22	285.00	330.00	122.50	13.41	21.25	63.42	5.00	1.80	80	1:2
FGP,10	03/87	4.89	5.82	21.90	28.00	31.25	23.75	4.09	6.85	3.73	16.00	5.71	87	1:2
FICOM ORGANIC,10	09/87	1.29	3.07	33.80	172.50	188.75	125.00	17.03	10.13	19.84	30.00	1.74	87	1:1
FINOLEX,10	11/87	1.80	15.16	94.22	246.75	278.75	154.00	45.11	5.47	34.61	40.00	1.62	88	4:5
FIRST LEASING,10	11/87	3.77	8.78	33.29	16.00	20.00	15.00	6.37	2.51		25.00	15.62	83	1:3
FLAKT INDIA,10	12/87	3.40	2.85	18.38	46.00	73.75	45.00	4.35	10.57		20.00	4.35	86	1:3
FOOD SPECIAL,10	12/87	19.20	20.16	20.50	135.00	143.75	93.75	5.56	24.28		25.00	1.85	86	1:1
FORBES FORBES,10	06/87	4.25	4.59	20.80	23.00	35.00	22.00	3.22	7.14		18.00	7.83	82	2:5
FULFORD,10	12/87	0.40	2.68	77.00	240.00	265.00	50.00	17.50	13.71		22.00	0.92	88	1:1
GEN ELECTRIC,10	03/87	7.20	16.94	33.53	34.50	43.50	26.00	1.56	22.12		10.00	2.90		
G.E.SHIPPING,10	06/87	51.73	29.01	15.61	27.75	33.75	20.50	1.49	18.62	2.26	12.50	4.50	81	2:3
G.K.W.,10	12/86	24.06	20.83	18.66	9.00	10.00	5.50		0.00			0.00	83	1:3
G.T.C.INDUST,10	06/87	5.00	9.32	28.64	13.50	16.00	12.50	3.94	3.43	3.79	25.00	18.52	72	1:4
GABRIEL,10	11/87	2.64	3.33	22.61	18.00	37.00	17.00	1.72	10.47	1.67	18.00	10.00	78	3:5
GAMMON INDIA,10	07/87	2.16	13.44	72.22	89.00	89.00	29.00	1.63	54.60	5.14	15.00	1.69	82	2:5
GARDEN SILK,10	03/87	10.54	37.45	45.53	67.50	160.00	66.25	15.23	4.43	15.86	30.00	4.44		
GARWARE NYLON,10	08/87	9.72	13.31	23.69	43.00	44.00	29.00	1.15	37.39	2.65	15.00	3.49	83	1:2
GARWARE POLY,10	06/87	5.81	19.53	43.61	75.50	88.00	72.00	4.39	17.20	6.26	22.00	2.91		
GARWARE SHIP,10	09/86	3.75	1.37	13.65	15.50	19.00	10.50	5.28	2.94	5.25		0.00		
GENELEC,10	06/87	2.16	4.97	33.01	47.00	88.00	43.75	6.71	7.00	7.96	25.00	5.32	84	1:
GEORGE WILL,10	06/87	6.30	19.69	41.25	97.50	115.00	80.00	7.57	12.92	8.72	35.00	3.58	86	4:
GERMAN REMEDIES,10	12/87	3.26	4.93	25.12	59.50	67.00	30.00	2.85	20.88		10.00	1.68	82	3:
GLINDIA,10	06/87	20.00	30.27	25.14	54.50	73.00	51.50	3.70	14.73	4.37	18.00	3.30	80	1:
GODFREY PHILIPS,10	12/86	2.60	3.24	22.46	17.50	20.00	10.00	3.35	5.22	2.35	25.00	14.29	75	1:
GOETZE,10	06/87	6.93	10.22	24.75	38.00	38.00	25.00	4.40	8.64		22.00	5.79	76	4:
GOKAK PATEL,10	06/87	3.26	14.12	53.31	65.00	81.00	60.00	13.92	4.67	8.57	20.00	3.08	87	1:
GOOD NEROLAC,10	06/87	3.24	5.08	25.68	50.00	55.00	45.00	4.16	12.02		20.00	4.00	78	5
GOODYEAR,10	12/87	7.48	24.67	42.98	54.00	74.00	48.00	11.58	4.66		30.00	5.56	77	2:
GRAMOPHONE,10	09/86	1.81	-16.59	-81.66	4.50	5.87	4.00		0.00			0.00		
GRASIM,10	03/88	21.59	178.17	92.52	103.25	109.00	81.50	7.11	14.52	0.00	27.50	2.66	88	3
GREAVE COTTON,100	06/87	6.57	18.42	380.37	475.00	475.00	295.00	86.60	5.48	80.76	20.00	4.20	84	1
GUJ ALKALIES,10	03/88	17.49	29.52	26.88	50.00	56.00	29.00	1.46	34.25		26.00	5.20	87	1
GUJ STATE FERT,10	12/87	26.95	170.03	73.09	147.50	149.00	75.00	10.11	14.59	5.24	30.00	2.03	87	3
GUJ NARMADA,10	06/87	88.97	95.71	20.76	46.50	49.50	27.00	2.95	15.76	2.98	18.00	3.87		
HARRISON,10	03/88	9.10	15.62	27.16	54.50	54.50	38.00	5.57	9.78	3.02	25.00	4.59	87	2
HERDILLIA CHEM,10	06/87	7.35	35.81	58.71	58.00	63.75	41.00	6.04	9.60	7.35	21.00	3.62	78	1
HERO HONDA,10	06/87	15.60	0.84	10.54	16.00	23.50	15.00	-0.20	0.00			0.00		
HIND ALLOY,10	12/87	5.89	2.20	13.74	43.00	70.50	28.75	2.41	17.84	2.94	20.00	4.65		
HIND ALUM,10	12/87	15.89	166.64	114.87	95.00	97.50	72.50	8.81	10.78	5.31	22.50	2.37	88	1
HIND BROWN,100	04/87	5.47	21.45	492.14	590.00	590.00	285.00	33.27	17.73	58.58	16.00	2.70	78	1
HIND CIBA,100	12/87	17.71	31.79	279.50	510.00	525.00	332.50	38.11	13.38	15.47	20.00	3.90	80	1
HIND COCOA,10	06/87	8.40	7.47	18.89	79.00	100.00	67.50	5.31	14.88	3.65	30.00	3.80	87	1
HIND DEVELOP,10	12/87	8.92	82.99	103.04	94.50	107.00	55.00	5.76	16.41	6.45	20.00	2.12	86	1
HIND DORR-OLIVER,10	11/87	2.38	10.79	55.34	105.00	205.00	95.00	16.43	6.39		37.50	3.57	86	1
HIND FERODO,10	12/87	5.50	1.19	12.16	17.00	23.00	16.00	1.33	12.78		5.00	2.94	83	4
HIND LEVER,10	12/87	93.32	90.17	19.66	68.00	81.00	58.50	4.98	13.65	2.25	25.00	3.68	87	1
HIND MOTOR,10	03/87	26.35	57.33	31.76	26.25	29.00	15.50	2.27	11.56		10.00	3.81	86	1
HMM,10	04/87	14.18	8.12	15.73	126.25	152.00	121.00	7.58	16.66	6.52	55.00	4.36	87	1
HOECHST,100	12/87	9.58	25.35	364.61	500.00	610.00	437.00	14.30	34.97		10.00	2.00	82	1
HOGANAS,10	10/87	1.15		10.00	41.00	82.00	34.00		0.00	-1.65		0.00		
HOTEL LEELA,10	06/87	8.97	-1.21	8.65	14.50	18.00	11.50		0.00			0.00		
HOUSING DEV FIN,100	06/87	20.00	23.31	216.55	164.00	188.00	65.00	46.25	3.55	66.10	16.00	9.80		
HYD.ALLWYN,10	07/87	8.10	10.70	23.21	10.25	12.00	7.50	3.68	2.79	4.23	15.00	14.63		
ICIM,10	12/87	4.18	5.88	24.02	25.50	40.50	23.00	2.34	10.90			0.00		

ny alue	Year Ebded	Equity Rs Cr	Re-serves * Rc Cr	Book value Rs	Price 26.8.88	1988 High	1988 Low	EPS Year	In Rs Half-yr	PE Times	Dividend %	Yield %	Bonus Year	Ratio
	09/87	40.87	72 49	27.74	33.00	44.00	30.00	1.21	27.27	0.94	12.50	3.79	78	1:3
CEMENT,10	03/88	4.90	19.41	49.61	17.00	22 00	14.50	5.80	2.93	0.00	12.00	7.06	70	2:5
GYPSUM,10	04/87	4.50		10.00	11.00	16.00	9.50		0.00			0.00		
POLYFIBRES,10	12/87	29.75	-2.73	9.08	4.25	8.50	4.24		0.00			0.00		
SEAMLESS,10	12/87	2.21	4.01	28.14	70.00	73.00	47.00	9.50	7.37		18.00	2.57		
STEAMSHIP,10	03/87	4.95	0.00	10.00	6.10	7.40	4.15	-25.15	0.00			0.00	75	1:1
N ALUM,10	12/87	41.16	49.09	21.93	31.50	34.00	24.00	0.90	35.00	1.21	14.00	4.44	77	2:5
N DYESTUFF,100	03/87	7.50	13.16	275.47	177.50	282.50	177.50	20.00	8.88	10.62	14.00	7.90	80	1:4
N HOTEL,10	03/88	9.92	42.12	52.46	108.75	120.00	95.00	6.81	15.97		30.00	2.76	82	2:5
N OXYGEN,10	09/87	14.60	29.94	30.51	33.20	33.75	29.00	2.16	15.37		16.00	4.82	85	1:3
N RAYON,10	06/87	7.94	61.39	87.32	66.00	73.00	46.00	5.69	11.60	3.58	28.00	4.24	80	1:4
SULF FERT,10	03/88	165.00		10.00	12.00	15.00	10.50		0.00			0.00		
L,10	06/87	5.09	11.53	32.65	146.25	223.75	135.00	5.68	25.75	6.62	20.00	1.37	86	1:1
NISSAN,10	12/87	6.00	1.21	12.02	18.50	25.00	18.00	5.57	3.32		10.00	5.41		
SOLL,10	12/87	7.89	21.32	37.02	260.00	332.50	212.50	10.99	23.66	4.58	30.00	1.15	86	1:1
N ORGANIC,10	03/88	18.40	17.03	19.44	27.50	30.00	15.00	-6.16	0.00		0.00	0.00	85	1:2
XCHANGE,10	04/87	1.92	7.53	49.22	52.50	56.25	38.75	5.27	9.98	7.76	20.00	3.81	88	4:5
A,10	06/87	12.00	0.83	10.69	9.50	15.00	8.75	2.44	3.89			0.00		
	06/87	33.17	133.31	50.19	39.00	45.50	30.00	5.26	7.41	4.51	30.00	7.69	81	1:5
EMICAL,10	06/87	3.00	2.08	16.93	23.25	32.00	21.00	3.20	7.27	4.19	18.00	7.74		
DUST 10	06/87	13.76	3.09	12.25	27.00	38.00	25.00	2.45	11.02		15.00	5.56	67	1:1
NTHETIC,10	03/88	27.25	207.02	85.97	68.25	74.00	45.50	3.06	22.30	0.00	20.00	2.93	83	1:3
T VITAMIN,10	06/87	3.87	3.86	19.97	33.00	48.00	24.50	1.94	17.01	1.40	21.00	6.36	87	2:5
NI STEEL,10	08/87	1.13	8.76	87.52	310.00	350.00	250.00	31.24	9.92	34.43	50.00	1.61		
NI BRAKES,10	06/87	3.90	-5.35	-3.72	17.00	25.50	14.50		0.00	1.02		0.00		
NATOR,10	06/87	3.55	19.61	65.24	72.50	78.00	36.00	6.87	10.55	10.53	15.00	2.07	84	1:1
RAM,10	03/88	8.85	52.23	69.02	46.00	49.00	32.50	3.41	13.49		23.50	5.11	79	1:2
AY DIST,10	06/87	6.00	8.88	24.80	36.00	56.00	33.00	3.08	11.69	2.99	20.00	5.56		
IC ENGG,10	06/87	1.20	14.87	133.92	217.50	270.00	161.25	20.08	10.83	22.13	30.00	1.38	83	1:1
IC HONDA,10	01/88	9.99	2.63	12.63	21.00	35.50	16.75	-5.88	0.00			0.00		
CUMMINS,10	09/87	27.10	37.16	23.71	56.00	59.00	48.00	3.71	15.09	5.27	20.00	3.57	88	1:1
SKAR OIL,10	06/87	6.71	11.55	27.21	17.00	20.00	12.00	-2.23	0.00			0.00	76	3:7
PNEUMATIC,10	09/87	3.85	3.36	18.73	34.00	36.00	15.00	1.84	18.48	10.13	12.50	3.68		
KNER WIND,10	12/87	4.50	3.27	17.27	86.25	120.00	81.25	4.38	19.69	2.93	21.00	2.43	88	1:2
UMPS,10	12/87	4.35	11.98	37.54	300.00	398.25	220.00	12.34	24.31		20.00	0.67	86	1:1
E,10	06/87	1.83	5.81	41.75	75.00	95.00	61.25	5.96	12.58	4.52	25.00	3.33	86	2:5
EN TOUBRO,10	09/87	51.99	240.34	56.23	104.00	122.00	75.50	5.31	19.59	5.71	20.00	1.92	86	3:5
N,10	06/88	15.75	8.19	15.20	64.50	67.00	52.00	4.57	14.11	4.99	22.00	3.41		
D STEEL,10	03/87	3.38	4.13	22.22	20.50	25.00	17.00	4.73	4.33	4.48	21.00	10.24		
D	10/87	21.05	8.64	14.10	10.50	19.50	9.00	-2.88	0.00			0.00	80	4:5
EIL MAGOR,10	06/86	2.74	41.38	161.02	46.00	47.75	43.75	2.33	19.74		7.00	1.52		
AS CEMENT,100	12/87	3.02	18.65	717.55	685.00	730.00	315.00		0.00			0.00		
RA COATES,10	06/87	21.96	92.32	52.04	69.00	75.00	60.00	4.01	17.21	6.19	25.00	3.62	86	1:2
TLAL FINE,100	03/87	14.48	24.38	268.37	145.00	175.00	143.25	17.40	8.33		17.00	11.70	80	1:3
TLAL IND,100	03/87	16.20	52.43	423.64	202.50	250.00	200.00	37.04	5.47	12.22	22.00	10.90	78	1:5
NDRA UGINE,10	06/87	7.30	17.76	34.33	50.00	62.50	48.00	6.63	7.54		20.00	4.00		
I & MAHIN,10	10/87	19.26	102.06	62.99	57.50	63.00	48.50	5.48	10.49		22.00	3.83	84	2:3
ALAM	12/87	7.11	11.31	25.91	21.25	22.50	13.00	2.81	7.56	1.70	15.00	7.06		
NT,10														
ALORE CHEM,10	12/86	12.45	13.87	21.14	24.75	34.00	15.25	4.53	5.46		12.00	4.85		
ER PLATT,10	06/87	6.40	8.23	22.86	59.00	108.00	43.75	6.13	9.62	7.26	20.00	3.39	87	3:5
NDIA,10	09/87	2.63	0.94	13.57	35.00	43.00	30.00	3.61	9.70	5.71	18.00	5.14		
BAKER 10	12/87	4.50	7.18	25.96	48.50	52.00	34.00	3.09	15.70	1.24	10.00	2.06		
A INDUST,10	06/87	4.32	2.32	15.37	15.00	18.50	13.50	4.54	3.30		25.00	16.67		
WELL 10	06/87	7.74	33.05	52.70	78.00	95.00	72.50	9.03	8.64	11.34	15.00	1.92	86	1:1
OD RUSSEL,10	06/87	6.25	17.13	37.41	90.00	130.00	86.25	8.06	11.17	6.70	45.00	5.00	87	1:1
L BOX,10	03/87	14.68	-12.54	1.46	4.30	5.50	4.24	-3.96	0.00			0.00	67	1:2
INDIA,10	12/87	0.64	0.91	24.22	120.00	137.50	52.00	9.84	12.20	4.84	30.00	2.50	87	3:5
OOD,10	12/87	1.14	4.49	49.39	172.50	175.00	75.00	8.95	19.27	24.82	25.00	1.45	87	1:1
INDUSTRIES,10	09/86	2.17	12.66	68.34	45.00	85.00	37.00		0.00		12.00	2.67	69	1:5
RUBBER 10	04/87	10.38	29.36	38.29	60.00	61.00	43.00	4.13	14.53	3.96	25.00	4.17	84	2:5
XEROX 10	04/87	12.46	-4.90	6.07	33.00	36.00	21.50	1.16	28.45	0.07		0.00		
R INDUST,100	12/87	38.05	46.32	221.73	575.00	630.00	447.50	29.38	19.57		12.00	2.10	86	1:1
0	09/87	3.86	23.30	70.36	169.00	180.00	127.00	26.14	6.47		40.00	2.37	75	1:2
ND IRON 10	06/87	9.82	63.94	75.11	89.00	97.00	73.50	8.12	10.96	8.54	18.00	2.02	76	1:2
RE CEMENT 10	06/87	11.48	19.23	26 75	21 00	27.00	18.00	1.12	18.75	0.48	17.50	8.33	85	2.5
R FINANCE 10	09/87	2.44	2.70	21 07	12.00	13.00	10 75	5.49	2.19	0.37	23.00	19 17		
N PEROXIDE 100	03/87	2 30	7.97	446 52	967.00	1280.00	820.00	110.43	8.87	108.59	30.00	3.10		
NAL RADIO 100	12/87	6.62	2 77	141 84	115 00	120 00	97 50	10.57	10.88		0.00	0.00		
100	12/87	36.00	55 62	254.50	512.50	525.00	390.00	48.22	10.63	32.64	20.00	3.90	86	1 2
AN 10	09/87	15.76	-25 34	-6.08	8.00	14.75	5.00		0.00	-0.12		0.00	82	1 2
A CEMENT 10	12/86	5 40	28.48	82.74	33 00	34.00	29 25	15.76	2.09		30.00	9.09	87	1:1
Y 10	03/87	41.29	57 09	23 83	23.50	51 00	17 00	1.90	12.37	5.31	20 00	8.51		
L AGRO 10	08/87	16.49	27 54	26 70	78.00	131 00	57 00	4.80	15.83		[illegible]	[illegible]	87	3:5
L FURANE 10	03/88	18.00		10 00	33.50	44 50	22 25		0.00			0.00		
S ELEVATORS 10	11/87	5.04	9 82	29 09	170 00	215.00	161 25	7.58	22.43	2.58	25.00	1.47	85	1 1

Company Face value	Year Ebded	Equity Rs Cr	Re-serves Rc Cr	Book value Rs	Price 26.8.88	1988 High	1988 Low	EPS Year	In Rs Half-yr	PE Times	Dividend %	Yield %	Bonus Year	Ratio
PARKE DAVIS,10	11/86	3.36	3.79	21.28	33.00	41.00	31.00	1.93	17.10		25.00	7.58	78	3:5
PEICO,10	12/87	33.32	53.59	26.06	28.00	36.00	21.50	1.21	23:14		10.00	3.57	82	1:5
PFIZER,10	11/87	11.72	15.65	23.35	54.50	79.50	50.00	0.27	201.85	0.44	10.00	1.83	77	4:5
POLYCHEM,10	03/87	3.60	6.16	27.11	69.00	73.00	55.00	7.83	8.81	13.11	25.00	3.62	86	1:2
POLYOLEFINS,100	12/87	19.30	24.65	227.72	685.00	743.00	515.00	53.01	12.92	45.13	28.00	4.10	88	1:2
PONDS,10	06/87	6.68	11.38	27.04	143.75	176.25	127.50	5.40	26.62	3.80	40.00	2.78	87	1:1
PREMIER AUTO,10	06/87	16.20	99.11	71.18	30.25	39.50	23.00	5.33	5.68	6.50	18.00	5.95	86	1:1
PROCTER & GAM,10	06/87	3.71	6.50	27.52	275.00	304.00	257.50	10.21	26.93	12.06	45.00	1.64	85	1:2
PSI DATA,10	09/87	1.38	0.65	14.71	14.50	25.50	10.25	1.80	8.06		17.00	11.72		
RALLIS,10	05/87	9.52	26.54	37.88	80.00	80.00	60.00	6.13	13.05	5.50	30.00	3.75	77	3:1
RANBAXY,10	12/87	5.22	12.72	34.37	71.00	88.00	68.00	5.23	13.58	2.59	20.00	2.82	88	2:5
RAYMONDS,10	03/88	24.97	50.11	30.07	52.50	53.00	41.50	-3.41	15.40		25.00	4.76	87	1:1
RECKITT COLMAN,10	12/87	4.20	13.60	42.38	215.00	222.50	177.50	12.74	16.88	7.62	30.00	1.40	88	1:1
REGENCY CERAMIC,10	04/87	3.97	-1.29	6.75	13.75	22.50	12.50		0.00			0.00		
RELIANCE,10	12/86	158.26	873.55	65.20	194.50	231.00	89.00	0.90	216.11		25.00	1.29	83	3:5
REMINGTON,10	03/87	2.67	3.78	24.16	29.00	29.50	24.75	4.08	7.11	2.58	18.00	6.21	86	1:2
REVATHI C.P,10	06/87	1.60	1.89	21.81	73.75	92.50	51.50	7.06	10.45	3.65	25.00	3.39	87	1:1
ROCHE PRODUCTS,10	12/87	4.81	5.38	21.19	43.00	53.00	34.00	2.33	18.45	1.41	14.00	3.26	80	1:3
ROSS MURARKA,10	06/87	3.74	3.29	18.80	14.50	16.00	10.50	4.65	3.12	7.35	26.00	17.93		
S.I.VISCOSE,100	03/87	11.03	8.64	178.33	370.00	390.00	215.00	53.13	6.96	67.21	20.00	5.40	87	1:2
SAMTEL,10	12/87	2.74	7.92	38.91	36.00	41.25	33.25	6.27	5.74		25.00	6.94	88	1:3
SANDOZ,10	12/87	5.30	19.68	47.13	59.00	80.00	59.00	2.96	19.93		16.00	2.71	84	2:7
SANDVIK ASIA,100	12/87	5.78	7.54	230.45	592.50	740.00	575.00	23.62	25.08	10.73	20.00	3.40	84	1:1
SCINDIA,20	06/87	18.95	-89.23	-74.17	3.76	5.50	1.76		0.00			0.00	77	2:5
SEARLE,10	12/87	3.48	14.57	51.87	145.00	172.50	93.00	8.02	18.08	1.24	20.00	1.38	86	1:1
SESA GOA,10	03/87	5.15	9.42	28.29	21.75	30.00	16.00	7.05	3.09	-	18.00	8.28	86	2:5
SHAW WALLACE,10	06/87	-5.96	47.69	90.02	56.00	60.25	52.00	14.11	3.97		35.00	6.25	87	1:1
SHRI RAM FIBRES,10	09/87	1.88	0.41	12.18	44.00	60.00	34.50	3.24	13.58		20.00	4.55	0	
SIEMENS,10	09/87	20.77	33.08	25.93	73.50	80.00	56.50	3.84	19.14	2.18	16.00	2.18	86	1:4
SILTAP CHEMICAL,10	06/86	1.99		10.00	56.25	80.00	47.50		0.00			0.00		
SIPTA COATED,10	10/87	9.42	1.84	11.95	17.00	23.00	16.00	3.08	5.52	2.85	15.00	8.82		
SKF BEARINGS,100	12/87	12.35	30.44	346.48	1380.00	1541.00	1058.00	87.77	15.72	68.08	22.00	1.60	86	2:5
SOUTHERN PETRO,10	12/87	34.00	267.86	88.78	47.75	60.00	22.75	1.49	32.05		15.00	3.14	86	1:1
SPARTEK,10	06/87	2.85	3.12	20.95	69.00	103.00	58.00	9.51	7.28	9.08	20.00	2.90		
SPECIAL STEEL,100	12/87	7.59	10.79	242.16	630.00	735.00	575.00	104.74	6.01	67.33	15.00	2.40	73	1:1
STANDARD MILLS,100	12/86	11.06	32.77	396.29	240.00	300.00	190.00	43.86	5.47		16.00	6.70	82	2:5
STANDARD MOTOR,10	12/86	2.32	3.98	27.16	11.85	11.85	7.50		0.00			0.00	85	1:1
STRAW PRODUCTS,10	12/87	10.14	73.61	82.59	42.00	45.00	29.50	3.99	10.53		20.00	4.76	72	1:2
SUND CLAYTON,10	05/87	5.69	23.99	52.16	37.50	38.50	29.25	9.94	3.77		40.00	10.67	87	2:3
SUND FASTENERS,10	03/87	3.19	10.13	41.76	65.50	70.00	53.75	7.08	9.25		25.00	3.82	82	2:3
SUND FINANCE,10	03/87	6.00	8.00	23.33	27.75	39.00	25.50	7.67	3.62		4.00	1.44	86	1:1
SUPREME INDUST,10	06/87	1.80	3.70	30.56	143.75	205.00	143.75	10.11	14.22	9.97	36.00	2.50	87	1:1
SU-RAJ DIAMOND,10	04/87	4.77	0.75	11.57	22.00	27.00	15.00	2.70	8.15	5.49	10.00	4.55		
SWAD POLYTEX,10	09/86	3.90	36.01	102.33	29.00	42.00	21.50	8.51	3.41	14.41	30.00	10.34		
SYNTH & CHEM,10	03/87	5.81	3.75	16.45	30.50	34.00	28.50	1.41	21.63	6.90	10.00	3.28		
TATA CHEMICALS,10	03/88	37.18	150.35	50.44	73.00	78.00	56.00	7.32	9.97		30.00	4.11	85	2:5
TATA LOCO,100	03/88	90.97	212.99	334.13	672.50	710.00	340.00	45.00	14.94	15.09	23.00	3.40	82	2:5
TATA OIL,25	03/87	6.34	18.21	96.81	60.00	87.00	55.00	4.14	14.49	4.31	15.00	6.25	81	1:5
TATA POWER,100	03/88	21.22	68.24	421.60	215.00	285.00	175.00	89.11	2.41	111.31	16.00	7.40	75	1:5
TATA PRESS,10	03/87	1.57	5.44	44.65	41.00	53.75	33.00	6.43	6.38	2.14	25.00	6.10		
TATA STEEL,100	03/87	136.01	476.33	450.22	824.75	907.50	568.75	67.76	12.17	61.71	25.00	3.00	86	2:5
TATA TEA,10	12/87	12.21	54.82	54.90	120.00	145.00	105.00	8.89	13.50	2.09	45.00	3.75	79	1:3
TATA UNISYS,10	12/87	4.38	3.62	18.26	86.25	115.00	60.00	3.54	24.36	0.00	22.00	2.55	87	2:5
TEXMACO,10	12/86	1.87	11.06	69.14	24.00	24.00	17.00	-208.56	0.00			0.00		
TINPLATE,10	03/88	10.14	8.26	18.15	19.00	22.00	15.50	2.83	6.71		10.00	5.26		
TUBE INVESTMENT,10	12/87	5.73	28.62	59.95	27.50	28.00	22.00	7.05	3.90		20.00	7.27	85	1:3
TUTICO ALKALIES,10	12/87	12.94	-2.63	7.97	13.50	20.00	11.00		0.00	-1.28		0.00		
TVS SUZUKI,10	02/88	23.10	-8.59	6.28	10.50	16.50	8.50		0.00			0.00		
TWENT.CENT,10	11/86	6.34	10.86	27.13	23.00	27.00	17.00	5.91	3.89	5.33	27.00	11.74	88	2:5
UNION CARBIDE,10	12/86	32.58	37.21	21.42	13.90	15.20	10.00	1.54	9.03		12.00	8.63	80	1:2
UNIT BREWERIES,10	06/86	4.00	7.70	29.25	38.00	40.75	36.50	3.30	11.52		10.00	2.63	86	1:1
UNIT PHOSPHORUS,10	12/87	2.80	2.66	19.50	39.00	52.00	32.50	0.43	90.70		10.00	2.56		
UPCOM CABLES,10	12/87	5.92	0.04	10.07	35.50	39.50	21.75	0.07	507.14	0.88		0.00		
VAM ORGANIC,10	04/87	5.16	11.72	32.71	85.00	103.00	78.00	6.76	12.57	10.88	25.00	2.94		
VARELI,10	03/87	7.29	10.98	25.06	33.25	62.50	29.50	7.74	4.30	6.79	22.00	6.62		
VIDEOCON,10	07/86	2.75	0.29	11.05	20.00	31.00	18.87	0.91	21.98			0.00		
VINDHYA TELE,10	03/88	3.90	3.34	18.56	87.00	104.00	68.00	11.26	7.73	0.00	20.00	2.30		
VOLTAS,100	08/87	12.78	24.40	290.92	340.00	342.50	230.00	53.51	6.36	59.78	16.00	0.47	81	1:4
VST INDUSTRIES,10	09/87	6.03	12.00	29.90	24.00	30.50	19.00	4.64	5.17	4.71	29.00	12.08	77	3:5
WALCHANDNAGA,100	09/87	3.00	35.39	127.97	7.00	12.00	7.00	1.13	6.19			0.00	82	1:2
WARREN TEA,10	03/88	3.90	11.49	39.46	58.00	65.00	50.50	8.87	6.54		30.00	5.17	88	1:5
WIMCO,10	12/87	8.45	9.56	21.31	19.00	24.00	11.00	-5.79	0.00			0.00	70	1:5
ZENITH,10	06/87	7.32	14.67	30.31	46.00	52.00	36.00	3.09	14.89	4.43	30.00	6.52	87	1:4
ZF STEERING,10	06/87	2.25	0.06	10.27	46.00	61.00	30.00	1.07	42.99	1.96		0.00		
ZUARI,10	12/87	12.43	49.38	49.73	60.00	67.00	34.00	3.50	17.14	0.28	25.00	4.17		

Note: EPS: This represents the earnings after tax for the full year divided by the number of shares outstanding. EPS half year: after tax earnings per shares for six months taking into account announced half yearly profits. PE: ratio of market price to after tax earnings per share. Yield: dividend as a percentage of market price.

Stuck with a dud?

There are over 250 shares that have not been traded since 1985. The list includes such relatively well-known companies as Facit Asia, Bombay Cycle and Jolly Board.

For the holders of such untradeable shares, a listing on the country's premier stock exchange has no value. But while liquidity should be a major consideration in an investment decision, it is difficult to predict the future liquidity of a share. Even a large company like Texmaco may be an illiquid investment. Its shares were last traded on the BSE on 27 August 1987.

A few important factors contribute to liquidity. The first is size. The larger the equity base, the larger is the number of shareholders likely to be. A large shareholder base means a large number of potential sellers and hence greater liquidity. The second most important factor is whether the share is in the speculative or "A" group. If it is, a market can be created without a large tradeable stock; this helps ensure liquidity. For instance, Eskayef (in the A group) with a capital base of Rs.75 crores is a far more liquid share than Hotel Leela Venture which has a capital base of Rs.9 crores but is in the B group.

Related to size and trading volume is the spread between buying and selling rates which are always different. For instance, Unitech on 12 August had a buying rate of Rs.18 and a selling rate of Rs.16. In other words, the investor buying at Rs.18 needs to wait for a two rupee (or 11 per cent) jump in price even to break, leave alone earning brokerage costs. A high spread is a form of liquidity barrier and discourages investors from trading in that scrip.

Table 1

Difference between bid and offer price of select scrips

	Cl price Rs	Difference between bid & offer Rs
ACC	233.00	1.00
BOMBAY DYEING	107.50	0.50
CENTURY SPINNING	935.00	5.00
CENTURY ENKA	1,595.00	10.00
GUJARAT FERTILISER	147.50	1.00
GUJARAT NARMADA	46.50	0.25
HINDALCO	95.00	1.00
LARSEN & TOUBRO	104.00	0.50
PREMIER AUTO	30.25	0.25
RELIANCE IND	194.50	1.00
SPIC	47.75	0.25
TATA LOCO	672.50	2.50
TATA STEEL	824.75	2.50
TATA TEA	120.00	1.00

Why are spreads high in the case of some scrips? First, if the volume of transactions in a scrip is low, the jobber in the scrip has to carry an inventory which may take a long time to clear. Therefore, his carrying cost is higher. For scrips that are frequently traded, the carrying costs are lower and therefore the spread is lower. For example, Tata Steel carries a spread of Rs.2.50 which on a Rs.800 (current price) scrip works out to only 0.3 per cent. By and large, the average spread is half per cent of the scrip's market price *(see Table 1)*. Second, in certain scrips there is widespread insider trading, which brings about large fluctuations in price, thus forcing the jobber to keep a higher margin to safeguard his interest.

While the main beneficiary of the high spread is the jobber, the investor still finds it worthwhile to trade this scrip because there is a price tag for liquidity.

We have selected 50 companies out of a total of over 200 that have not been traded this year *(see Table 2)*. Many companies are quoted below par which does not come as a surprise. But there are companies such as Titaghar Paper, Bimetallic Steel, Aluminium Industries, Indoceanic Shipping and Amalgam Electricals which are quoted at Rs.2 or less. Some of these companies were incorporated in the early thirties and forties. Many have fallen on hard times because of labour problems (Titaghar Paper), cyclical nature of the business (Texmaco), government policies or price controls (Aluminium Industries), and bad management. Some companies are not frequently traded because they are closely held by the management.

The other striking feature is that eight scrips are still traded inspite of a negative net worth (equity plus reserves).

For the investor who is burdened with these shares disposal is not an easy task for obvious reasons. Nevertheless, the best strategy to dispose of the shares in the market is to be alert for reported trades, at around the time the company announces its annual results since this is the time when speculators, if any, would be most interested in buying the scrip. If trades take place they are always reported in the quotation sheets published daily by the stock exchange and available to the general public at nominal cost.

The other way is for the investor to write to the company expressing his desire to dispose of his shares. Sometime companies have associated investmen concerns which could be interested i purchasing such shares.

Table 2

Infrequently traded scrips

Company name	Price Rs	On date	Net worth *(Rs. in lakhs)*
SREE RAYALASEEMA	10.75	1.10.87	992
JAGAJIT COTTON	115.00	27.10.87	4,996
SAURASHTRA CEMT	120.00	6.3.87	1,225
NIRA PULP	6.00	4.11.87	584
ORISSA SPONGE	14.00	16.7.87	1,250
PLEASANT HOTELS	10.00	22.12.87	525
ENFIELD INDIA	11.00	24.4.87	1.149
TITAGHUR PAPER	2.00	18.5.87	− 3.199
SOUTH ASIAN FIN	7.00	12.5.87	404
BST MFG	9.50	4.12.87	1,519
BIMETALLIC STEEL	2.00	24.11.87	67
PRIYADARSHINI SPG	6.00	16.1.87	408
HINDOOSTAN SPG	120.00	12.8.87	2,180
RAJASTHAN SPG	28.00	16.12.87	2,960
HARIGANGA CEMENTS	5.00	17.2.87	300
ALUM IND	2.50	26.11.87	− 2,275
EXPRESS LEASING	12.25	24.12.87	266
SWAN MILLS	37.00	27.3.87	502
WILLARD INDIA	8.00	30.10.87	1,127
SARAF SYNTH	17.50	22.7.87	15
W.S. IND	28.00	31.3.87	1,593
PASHUPATI SPG	7.00	9.7.87	513
SHREE RAM MILLS	30.00	13.10.87	− 2,806
TRIVENI ENG	5.50	26.3.87	930
INDO-SWISS TIME	5.00	6.10.87	253
SUKHCHAM OIL	8.00	2.9.87	213
TEXMACO	25.00	27.8.87	4,815
SANATHANA DHARMA	14.00	14.8.87	188
NCL INDIA	16.00	11.2.87	489
TATA DAVY	16.00	29.7.87	198
BHARAT CHEM	5.00	14.8.87	54
BHARAT FERT	117.50	28.5.87	369
BOWREAH COTTON	48.00	16.1.87	882
VISAKA ASBESTOS	11.50	29.7.87	185
SWADESHI MILLS	45.00	25.2.87	− 202
INDOOCEANIC SHIP	1.76	5.3.87	− 780
AUTO PRODUCTS	9.75	23.12.87	− 205
ALTERNAT ENERGY	5.00	12.2.87	138
AMALGAM ELEC	1.12	13.10.87	109
JL MORRISON	47.50	27.3.87	28
MIC AUTO	3.00	18.12.87	78
WOO YONG ELECT	12.00	8.10.87	13
BHAGYA GROWTH	10.00	30.11.87	13
RAJASTHAN POLY	12.00	2.9.87	124
PHOENIX	35.00	16.1.87	59
SWISS JEWELS	3.00	25.9.87	− 254
PUNJ ANAND	3.00	30.7.87	− 24
CANS INDIA	5.00	17.2.87	117
TOSHIBA ANAND	10.00	14.1.87	351

Unfortunately for the investor, there i no contractual obligation on the company or the stock exchange to provide market for the shares. However, there is proposal by the stock exchange to appoint an official jobber for each scri listed on the exchange. This could help t promote liquidity.

■

RAFIQ DOSSA

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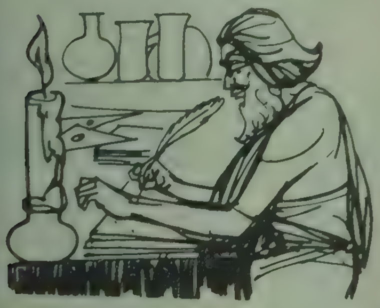
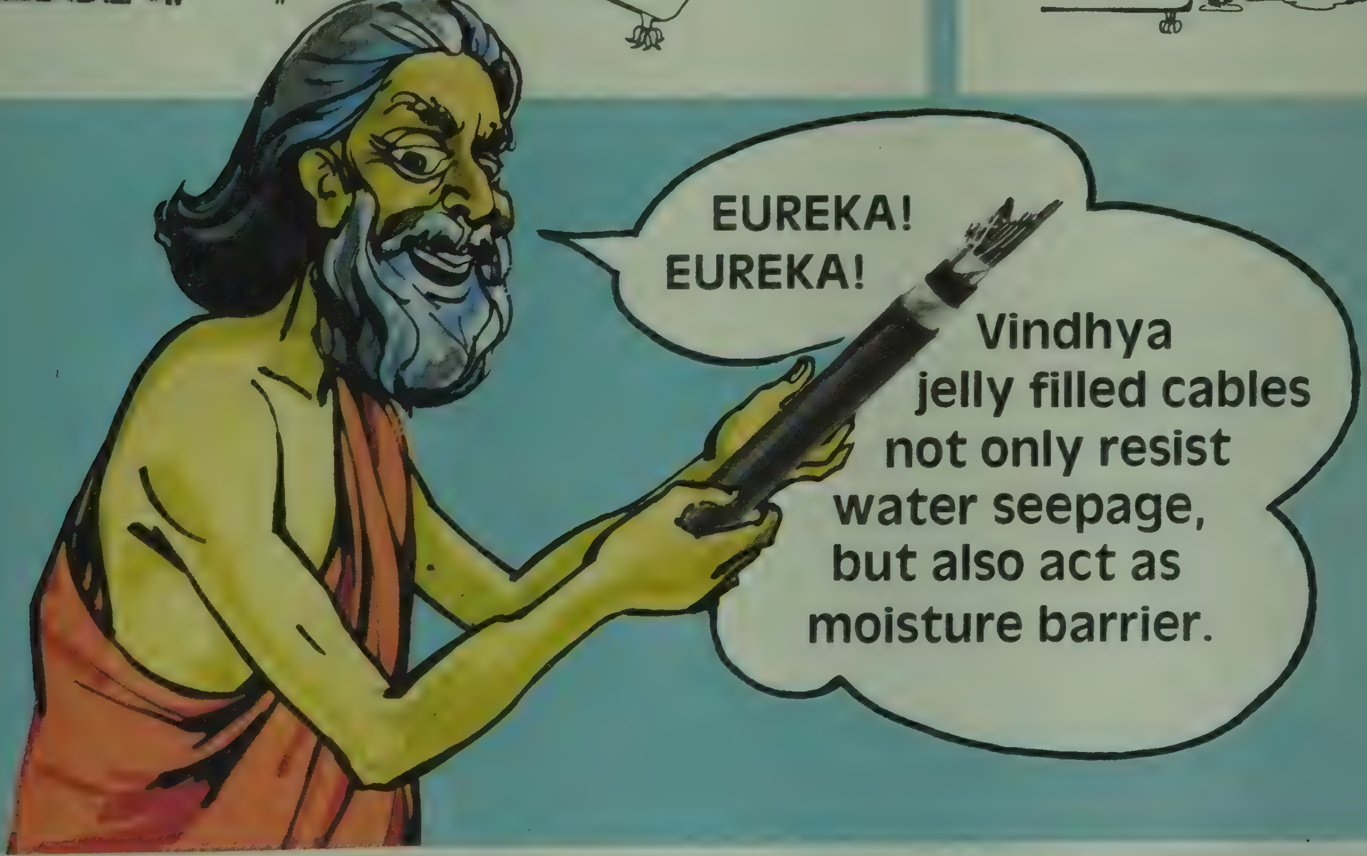
No jumbled words. No rasping. Never ever the phone went dead during last so many months.



No wrong numbers. No trace of water seepage.

Crystal-Clear communication at all times ... EUREKA
EUREKA


EUREKA! EUREKA! Vindhya jelly filled cables not only resist water seepage, but also act as moisture barrier.

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riably the monsoons upset the telecommunication network in
a. For, rainwater seepage has always proved a menace to
phone cables that are laid underground. Now, Vindhya jelly
d telephone cables are here to change the picture.
jelly filled cables by Vindhya can not only resist the water seepage but
act as moisture barrier. Often the telephone cables are laid alongside
power cables. Here again, Vindhya telephone cables perform an
ortant task of preventing electrical interference from outside.
therefore, Vindhya jelly filled telephone cables is an obvious
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The Vital Link
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Vindhya Telelinks

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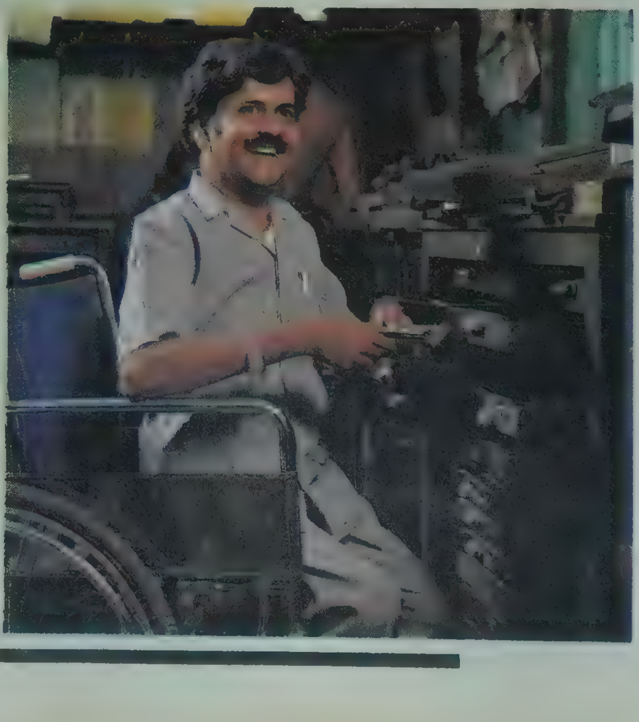
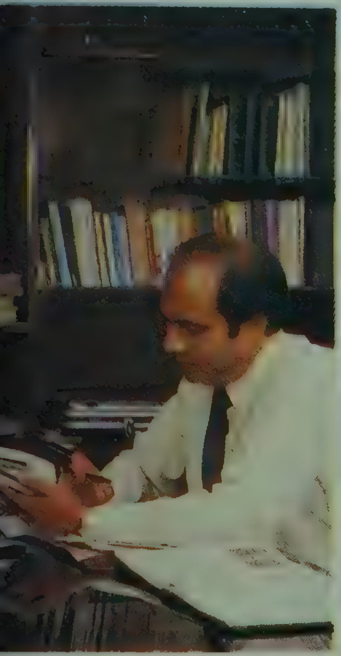
How to nurse a sick factory back to health.
"When we were negotiating Liberty Steel's takeover," recalls Mr Harendra Mehta of Mettaco, "Bombay Mercantile who were Liberty's bankers upped the credit to this sick factory – a far-sighted decision that helped our bid to turn the corner fairly quickly."

Pick up the clues to brisk success from tycoons and tyros.

How to overcome a physical handicap and help others to do likewise.
"After graduating, teaching in India and attending a conference abroad, I learned printing and bought a printing machine with a Bombay Mercantile loan. Now nine men and women like me work together confidently," writes Mr Kanubhai Tailor from Surat.



How to become the king of brick makers with a bit of timely assistance.
"Finance used to be the big bottleneck in our business. Then, Bombay Mercantile gave us an overdraft. Now, we're doing so well, people have nicknamed me the 'king'," reports Mr R B Shah of Sullibhanja (Taluka: Khuldabad).



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oney was for a 2-in-1 when
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DEBENTURES

mpany	Face Value	Market lot	Type	Rate %	Size Rs lacs	Price Rs	Date	Yield %	Interest due date	Redemption date	Book closure
A	100	10	NCD	13.5	252.0	88.50	26/8/88	15.25	30.6,31.12	31/10/90	31/12/88
IOK LEY.A	64	5	NCD	13.5	521.0	56.00	29/8/88	15.43	31.3,30.9	3/4/96	11/3/88
IOK LEY.B	64	5	NCD	13.5	1043.0	56.00	29/8/88	15.43	31.3,30.9	3/4/96	11/3/88
IOK LEY.C	100	5	NCD	15.0	815.0	105.00	30/8/88	14.29	31.3,30.9	3/4/91	11/3/88
SH IND	75	10	CD	15.0	300.0	59.00	30/8/88	19.07	31.3,31.7	17/3/94	18/7/88
LIBOI	100	25	NCD	15.0	510.0	91.50	30/8/88	16.39	30.4,31.10	—	15/4/88
LA JUTE	200	5	NCD	13.5	999.0	177.50	25/8/88	15.21	30.9,31.3	7/2/69	15/9/88
E BLEND	200	10	NCD	13.5	625.0	169.00	30/8/88	15.98	31.1,30.6	4/11/96	1/6/88
T. CONST.	100	10	NCD	15.0	1750.0	82.50	30/8/88	18.18	1.1,1.7	4/10/95	14/6/88
REDDY'S	100	10	CD	15.0	163.0	90.00	15/7/88	16.67	30.6,31.12	4/6/96	16/6/88
NLOP	150	5	NCD	13.5	120.0	140.00	29/6/88	14.46	15.7,15.1	1989/91	31/12/88
HOTELS	50	10	NCD	13.5	1566.0	43.00	28/7/88	15.70	10.4,10.10	10/4/94	21/9/88
CON ENG	45	5	NCD	13.5	247.0	40.00	18/8/88	15.19	30.6,31.12	12/3/94	1/6/88
AR SHIP	75	10	NCD	13.5	1667.0	62.00	19/8/88	16.33	15.4,15.10	15/4/94	21/3/89
P.	100	5	NCD	13.5	168.0	90.00	3/8/88	15.00	31.3,30.9	19/11/92	13/9/88
RO ALLOY	250	2	NCD	13.5	750.0	220.00	26/8/88	15.34	30.6,31.12	1991	8/6/88
BES	100	10	NCD	13.5	600.0	92.00	30/8/88	14.67	1.4,1.10	2/4/94	15/3/88
RDEN SILK	100	10	NCD	12.5	20.0	78.00	30/8/88	16.03	30.3,30.9	31/3/97	1/9/88
SIM	120	5	NCD	13.5	100.0	111.00	30/8/88	14.59	31.3	12 Years	15/9/88
ALKALI	140	5	NCD	13.5	700.0	123.75	30/8/88	15.27	28.2,31.8	1/8/93	17/8/88
D FERODO	100	5	CD	13.5	206.0	80.00	29/8/88	16.88	30.6,31.12	14/12/92	10/6/88
ECHST	100	5	NCD	15.0	383.0	103.00	29/8/88	14.56	1.5,1.11	14/9/91	12/4/88
C.	500	1	NCD	15.0	500.0	510.00	30/8/88	14.71	1.7	1990/91	20/5/88
HOTEL	75	10	NCD	13.5	1123.0	70.00	29/8/88	14.46	1.4,1.10	26/4/92	23/2/88
HOTEL	100	10	NCD	12.5	2708.0	85.00	30/8/88	14.71	15.6,15.12	14/6/94	3/5/88
RAYON	80	5	NCD	12.0	801.0	67.50	26/8/88	14.22	30.6,31.12	6/4/93	10/6/88
RAYON	112	5	NCD	13.5	1668.0	102.00	30/8/88	14.82	30.6	18/2/95	10/6/88
SYNTH	120	4	NCD	13.5	1875.0	107.00	30/8/88	15.14	1.1,1.7	1/4/92	1/6/88
DAL STRIP	100	10	NCD	15.0	600.0	87.50	30/8/88	17.14	30.6,31.12	14/4/94	15/6/88
Y STEEL	100	5	NCD	15.0	67.0	102.50	5/8/88	14.63	30.6,31.12	7/6/91	19/6/88
SORAM	90	5	NCD	13.5	1890.0	80.00	29/8/88	15.19	30.6,31.12	11/3/95	8/3/88
CK WIND	100	10	NCD	13.5	138.0	95.00	19/8/88	14.21	28.2,31.8	1993/95	17/8/88
H FOOD	100	10	CD	15.0	475.0	80.00	25/8/88	18.75	31.3,30.9	1991/95	15/3/88
T RTC	60	5	CD	13.5	360.0	58.00	2/8/88	13.97	1.1,1.7	1990/94	13/9/88
T-IV	60	10	CD	13.5	2626.0	56.25	30/8/88	14.40	1.4,1.10	1/10/88	12/7/88
ME	75	10	NCD	13.5	202.0	67.50	23/8/88	15.00	30.6,31.12	9/6/94	1/6/88
L	115	5	CD	13.5	828.0	70.00	1/8/88	22.18	30.4	1991/93	16/4/88
A LABS	100	10	NCD	15.0	240.0	85.00	29/8/88	17.65	30.6,31.12	1993/96	15/6/88
Y & BAKER	100	5	NCD	15.0	300.0	100.00	29/8/88	15.00	30.6,31.12	9/9/94	16/6/88
ZDA IND	100	10	NCD	13.5	625.0	76.00	29/8/88	17.76	1.4,1.10	5/4/93	2/3/88
KAND	125	5	NCD	13.5	437.0	114.00	30/8/88	14.80	1.1,1.7	1988/92	10/6/87
ESTIG FOOD	150	10	CD	13.5	25.0	65.00	26/8/88	31.15	31.12,30.6	1992/94	5/6/87
YMOND WOOL	400	1	CD	12.0	480.0	375.00	30/8/88	12.80	31.3,30.9	1989/93	1/9/88
YMOND WOOL	400	1	NCD	13.5	1920.0	395.00	30/8/88	13.67	31.10	30/10/92	1/9/88
LNCE F CUM	100	10	NCD	15.0	3000.0	143.75	19/8/88	10.43	—	30/9/95	11/8/88
LIANCE E	100	5	NCD	13.5	5335.0	86.50	30/8/88	15.61	30.4	30/6/97	17/4/88
LIANCE F	100	10	NCD	15.0	27000.0	95.50	30/8/88	15.71	20.2,31.8	30/9/95	1/8/88
DOZ	100	10	NCD	13.5	69.0	92.50	27/7/88	14.59	30.6,31.12	24/4/95	11/6/88
ELAGE	100	10	NCD	13.5	132.0	86.00	29/8/88	15.70	1.5,1.11	1994	15/4/88
TA PRESS	120	5	NCD	13.5	195.0	110.00	18/8/88	14.73	31.3,30.9	11/11/96	15/3/88
TA STEEL	200	5	NCD	13.5	2011.0	205.00	30/8/88	13.17	1.4,1.10	1/3/92	—
TA UNISYS	100	10	CD	12.0	250.0	81.50	30/8/88	14.72	1.1,1.7	1998	10/6/87
AN WATCH	200	10	NCD	13.5	1312.0	166.25	30/8/88	16.24	15.6,31.12	5/3/97	3/5/88
ANSPORT CO	100	10	NCD	15.0	400.0	77.50	30/8/88	19.35	31.3,30.9	1993/96	17/3/88
PHARMA	100	10	NCD	15.0	143.0	82.00	26/8/88	18.29	30.5,30.11	1/3/92	12/5/88
ENT CENT	100	5	NCD	13.5	300.0	77.50	7/7/88	17.42	30.4,30.10	23/8/90	21/6/88
TECH	100	15	NCD	15.0	264.0	82.50	30/8/88	18.18	30.6,31.12	25/4/94	16/6/88
V LUGGAGE	100	10	NCD	15.0	144.0	75.00	26/8/88	20.00	1.6,1.12	26/3/96	17/5/88
HA MARTIN	100	5	NCD	13.5	934.0	90.00	29/8/88	15.00	31.3,30.9	29/10/95	23/3/88
P.	100	10	NCD	15.0	960.0	86.00	30/8/88	17.44	31.1,31.7	22/4/93	8/7/87
RELI TEXT	100	10	NCD	15.0	862.0	96.00	30/8/88	15.62	31.3,30.9	1993/95	15/3/88
RUN SHIP	100	10	NCD	15.0	175.0	86.00	30/8/88	17.44	31.5,30.11	20/8/93	17/5/88
LTAS	300	1	NCD	15.0	900.0	300.00	8/6/88	15.00	28.2,31.8	1/3/91	2/8/88
LTAS	150	2	CD	13.5	300.0	140.00	18/8/88	14.46	30.6,31.12	1991	2/6/88
ENTERP	100	5	CD	15.0	615.0	92.50	30/8/88	16.22	1.10,1.4	12/6/95	14/3/88
NITH	80	5	NCD	13.5	480.0	106.00	26/3/88	10.19	1.5,1.11	20/7/92	—

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Business India

Three winners

After a long gap we finally have three winners for the investor contest. The Rs.5,000 prize for contest 271 is shared by Iqbal Akhtar (Bangalore), Sudhir Bansal (Jaipur) and Narendra Kumar Karnani (Bombay). Several other entrants also came close in predicting the right price.

How to enter

On the entry form given below are listed six popular scrips. All you have to do is to use your skills to predict the prices of each of these share as on 30 September 1988, and send in your entry by 20 September 1988. The winner in accordance with the rules printed below, will get a prize of Rs.5,000. In the event there is no winner, the prize will not be carried over.

Every issue of **Business India** will contain a new contest. The entry which has all six correct answers will receive a prize of Rs.5,000. If no such entry is received, the entry which has 5 out of 6 correct answers will receive the prize. In the event of there being more than one winner, the prize will be shared equally. We repeat, if there are no winners, the prize money will not be carried forward.

Rules:

1 There is no entry fee.

2 The list has been selected on the basis of what we consider are actively traded and interesting scrips on Indian stockmarkets.

3 The price mentioned last in the official quotation list of the stock exchange (if there is a series of such prices against the name of the share) will be taken as the correct answer. The official list of the particular stock exchange, which will be referred to, is given against the name of each scrip. If for some reason the stockmarket is either closed on 30 September 1988, or there are no transactions for the six scrips chosen below, then the quotations for the nearest working day prior to 30 September 1988, will be used.

4 Variation from the correct answers are permitted within a range that is specified against the scrip.

5 Entries must be on the printed form given below. Any other entries will be disqualified.

6 Only one entry will be permitted per form.

7 Envelopes sent in should be marked Investor Contest. All entries must be received at **Business India**, Wadia Building, 17/19 Dalal Street, Bombay 400 001, by 5 pm, Tuesday, 20 September 1988.

8 **Business India** is not responsible for non-receipt of entries.

9 **Business India's** decision on the winning entries will be final and binding, and no correspondence in this regard will be entertained.

10 The contest is open to residents of India only. No employee (or any direct relation of any employee) of the **Business India** group of publications is entitled to enter the contest.

Name of scrip	Stockmarket official list to be used for comparing results	Prices as on Friday, 26 August 1988 (Rs)	Variations permitted from correct prices upto (Rs)	Prices as on Friday, 30 September 1988 (Please fill) (Rs)
Bajaj Auto	Bombay	263.75	2.00	
Britannia	Bombay	81.00	1.00	
Century Enka	Bombay	1,595.00	3.00	
Eskayef	Bombay	117.50	2.00	
Glindia	Bombay	54.50	1.00	
SKF Bearings	Bombay	1,380.00	3.00	

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bit of history

PARRYS
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A saga of resilience

RYS 200: A SAGA OF RESILIENCE
.S. Ramaswamy and S. Muthiah
Affiliated East-West Press Ltd
04, Rs.100

centenary is an occasion for looking and EID Parry (India) Ltd has ly chosen to commemorate the occa- with this history. Founded in 1788, ys of Madras is the second oldest pany in India still in business, and is one of the oldest surviving commer- houses in the world.

e volume traces the growth of the pany and the vicissitudes it has had o through, but this is not the only on why it should be read. The House rry is a part of the history of Madras f. Every commuter knows "Parry's ner", where the firm's main offices d. It is a landmark in the city. And as history unfolds, the reader can visu- a little colonial settlement centred nd Fort St. George developing into a ling city. And then there are the ettes of the Raj days.

ne choice of authors is apt. N.S. aswamy, a leading authority on Ma- city and its institutions, died in Feb- y 1987, and the book was completed Muthiah, a journalist who retains an rest in history. The volume is there- deeply concerned with history and the events which had an impact on ys and on the city of Madras. Partic- ly interesting is the account of the re in 1906 of Arbuthnot and Com- y, the doyen of banking and agency s in Madras, which caused a run on ys as well.

mong the interesting chapters are e concerning Thomas Parry who ed in Madras in July 1788. Though ral details regarding his early life are ed on conjecture, the authors make up for this deficiency in available material by an imaginative re-creation of Madras in the eighteenth century. Madras was then a city of garden houses. Several of these still exist or are remembered through roads named in their memory. Examples are Wallace Gardens, Leith Castle, Anderson's House and Bens Garden.

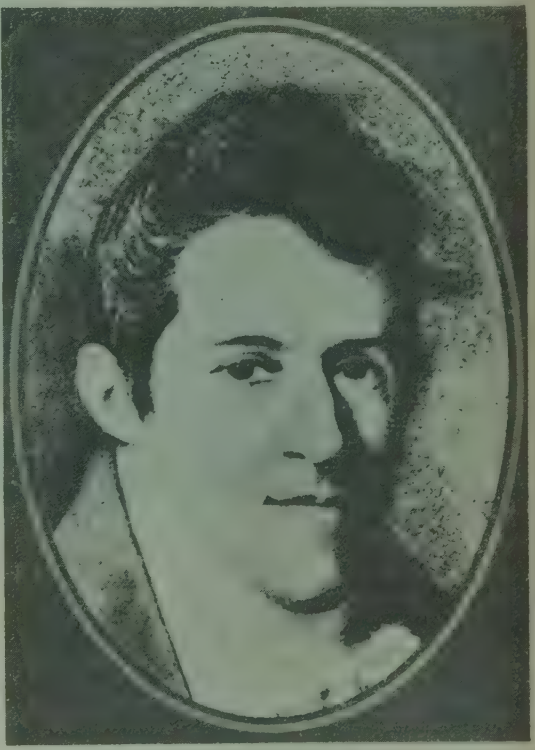
As a free trader in the city Parry made and lost a fortune several times. The firm, founded initially as a small banking and lending agency, shared the resilience of the founder. Parry set up what is considered the first industrial venture in India — a tannery. He was forced into the indigo and sugar industry when the owners of factories who had received heavy advances from him died without repaying. While indigo became a redundant business activity, sugar subsequently became an important line of business. Parry set up a factory in Nellikuppam in South Arcot district, which is a showpiece of early industrialisation.

A very detailed account is given of the ups and downs of the company's fortunes. While it lost several opportunities — of getting into tea and automobile manufacture (with W.H. Oakes), it also had its share of lucky breaks — the ceramics division started off as a pottery unit to make jars for acids, before its potential was discovered. Cuddalore and Ranipet, the towns which blossomed with the coming of Parrys are also dealt with.

Parry was a pioneering spirit, with a zest for social causes, and an abundance of "venturesomeness", as the authors put it, qualities which his firm also possessed. It therefore seems apt that the company should bear his name, rather than that of John Dare, the other Englishman who successfully steered the company and gave it a sense of direction.

The other interesting part of the book is that dealing with the takeover of Parrys by the Murugappa group. It is M.V. Arunachalam, the present chairman, who tells us the tale of what happened behind the scenes even before Easo John's entry into the company. The much-discussed boardroom tussle between Easo John and the board of directors is dismissed summarily in a few pages. The ensuing account describes the attempt made by M.V. Subbiah to induce the organisation to get rid of excess personnel, culminating in his success in getting Parrys out of the woods.

The "ethos" of Parry, the age of the "burra sahibs" and their method of functioning are re-created through the reminiscences of old Parry hands like John K. John, J.S. Prabhu, R.V.K.M. Suryarau, and even a peon or two who continue to serve the company. The "burra sahib" drinks beer in Ranipet, after a tour of the factory and then is ready to distribute largesse in the form of jobs for relatives of retainers. In sharp contrast is the present environment in a leaner Parry where M.V. Subbiah is invited to wear a uniform while visiting the Pune plant of Amphitronics (a unit of the company). With the rigid formality of bow ties and dinner jackets having given place to the easy informality of half-sleeved shirts, the transition is complete.


Thomas Parry

Since the book has been written by men who are primarily historians, it is filled with a wealth of anecdotes, like the tale of Thomas Pitt who "stole a very valuable diamond from a sleeping Indian", and founded his family fortune with it. That fortune enabled a grandson and a great grandson, the Earl of Chatham and William Pitt respectively, to become prime ministers of Britain, say the authors. It is these asides which make the volume interesting.

This book should be read by all who are interested in the growth and development of business houses, as also by lovers of the city of Madras. ■

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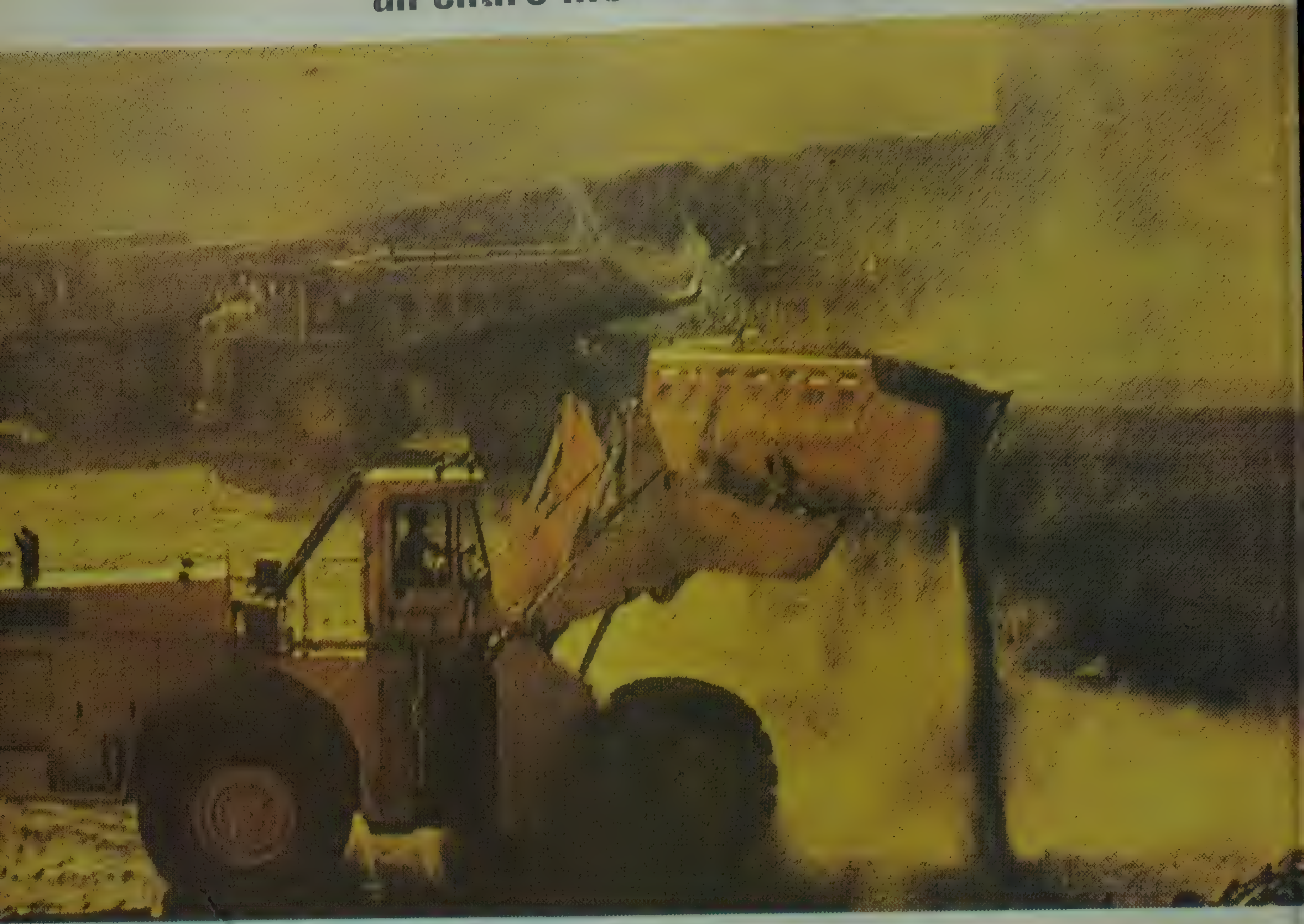

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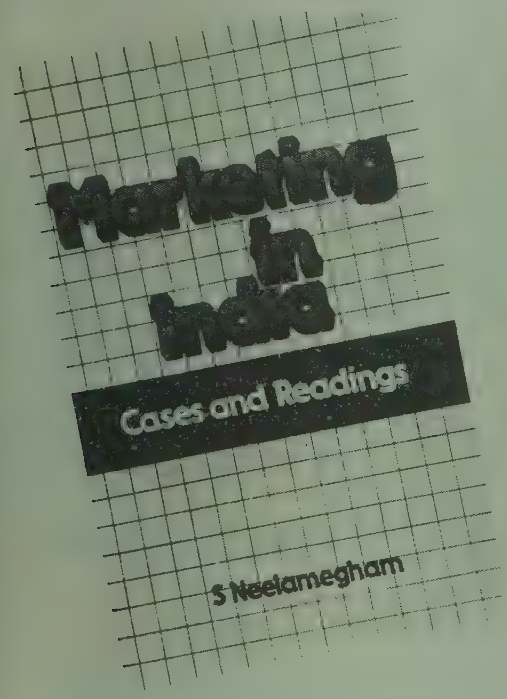

MARKETING IN INDIA — CASES AND READINGS
Edited by S. Neelamegham
Vikas Publishing House Pvt Ltd,
pp 940, Rs.295

The cases and readings in this book are designed to highlight the major issues and problems involved in marketing in India. The publication is also devoted to examining the ways and means by which the existing marketing methods and practices can be improved to achieve better results.

Owing to a combination of several important factors like technological advances, intensified competition, growing consumer sophistication, increasing size and complexity of modern business, the marketing function has assumed significant importance in business management. New areas in the realm of marketing knowledge have been explored by drawing on the behavioural sciences and economics; statistical and mathematical decision-making tools have been freely used. All these find a place in the book.

The book is divided into six major parts. The articles or readings cover important issues like marketing challenges in India, urban and rural marketing in India, marketing in the public sector, marketing strategy for small scale industries, marketing research in Indian industry, management science in marketing, consumer behaviour, marketing planning strategy and decision making, etc. Comprehensive treatment is given to strategies relating to products, pricing, market channels and distribution, and advertising and communication. Sales organisation as well as marketing control have also been adequately dealt with.

The major strength of Neelamegham's effort are the 24 case studies included in the book. Some of the more interesting and important cases relate to Maruti Udyog Ltd, DCM, NTC and ITDC. The case studies serve the purpose of highlighting many of the issues raised in the various readings.

One of the most stimulating articles is on marketing challenges in India by Arbinda Ray. Published in *Indian Management* in September 1972, the issues raised by Arbinda Ray remain equally relevant today. Ray poses a specific marketing challenge in India: how to create markets which can take up seasonal overproduction on the one hand, and, on the other, enable production capacities to be gainfully used in trough months. This calls for *inter alia* the creation of seasonal peaks in demand, innovative product design, creation of demand for services, and purposeful advertising. At the same time, Ray pleads for responsible management action for continuously exploring opportunities to add value to existing products. Ray believes that the greatest single task before our professional management is the modernisation of a traditional society: modernity in this context is used in the sense of a deliberate choice of techniques leading to a fuller utilisation of resources for the benefit of the growing number of people.

Nikilesh Dholakia and Sharad Sarin in their article on strategic marketing indicate why some organisations are strategically superior to others. They have explored two basic aspects of product strategies — excellence and dominance — and the way these can be achieved. Dholakia and Sarin have drawn the following important lessons regarding the contemporary Indian markets:

- Market size is not a barrier to successful product and marketing strategies in India. Creative ways of tapping small and specialised markets do exist.
- Foreign technical collaboration or multinational brand names are not a must for successfully marketing products in India. Indigenous firms as well as multinational affiliates have failed or succeeded because of their strategic capacities.
- Successful firms in India have used both proactive (eg, entrepreneurial) and reactive (eg, defensive) strategies in creative ways, as demanded by the environment.
- Along with astute financial planning and creative use of the regulatory framework, strategic marketing has become an essential ingredient of business success.

Srikanthan, Keith Ward and Mike Meldrum in their article on segment profitability argue in favour of the potentially invaluable role of accountants in marketing achievement. Simultaneously, they plead against isolating marketing from the other functions in the organisation.

Among the case studies, there are many good ones; the one relating to the National Textiles Corporation needs to be studied not merely in the context of marketing in the public sector, but because of the complex market planning and distribution strategy involved in marketing varied products made in over 100 units. Admittedly, this is not a typical case. Nevertheless, it forcefully gives expression to the complexities in national distribution and promotional strategies, and is, therefore, quite interesting and instructional.

S.Neelamegham himself has contributed three articles, and one more jointly with D.K. Vaid. There are many other experts whose articles or speeches have found a place in the book. A brief introduction to all the contributors would have been in order. This is one lacuna which will be felt by many readers.

A few of the articles are somewhat too pedestrian: eg, on planning for packaging; on television, the advertising medium of tomorrow; and on David Ogilvy's advertising philosophy. Fortunately, the number of such articles is quite limited. The production quality of the book leaves much to be desired, considering the importance of the subject matter.

Nevertheless, the readings and the case studies in the book will help students and practitioners of marketing to develop a deeper understanding of several of the problems facing the markets in India and, simultaneously, provide clarity as regards the concepts and tools to be employed in practice for attaining success.

■ JAYANT KHER

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Many cups to his credit

J.S. Sabharwal, *chief executive of Brooke Bond*

When J.S. Sabharwal, 42, joined Brooke Bond, almost accidentally 21 years ago, did he expect to end up as the head of the organisation? "Well, after my first five years I began to feel that I would move pretty much to the top," he says. Sabharwal's career could well be described as meteoric — he joined as a management trainee in the Calcutta saleroom in February 1967, and became the chief executive in April this year.

Fascinating job. A graduate of the prestigious St. Stephen's College, Delhi, Sabharwal had gone to Calcutta to attend an interview with another company when a chance meeting with a friend led to the Brooke Bond job. "I thought I'd give it a try for six months," recalls Sabharwal. As it happened, he became fascinated with the job and stayed on.

A trainee in the Brooke Bond saleroom is exposed to various aspects of the commodities business, like tea tasting, buying and blending. To the uninitiated, tea tasting sounds like an esoteric art. "Not really," says Sabharwal. "Anyone can become a taster. What is required is a normal palate and a keen sense of observation. One is exposed to 500 to 600 cups of tea a day. Tea tasting helps us decide what to buy and what to avoid."

After tasting, the saleroom has to select teas for the various brands. Tea buying is a very important function which requires instinct and the ability to judge. Tea has to be bought at the right time, right price and right quality. Considering that Brooke Bond buys approximately 80 million kgs of tea every year, even a small per kg saving in price can make a noticeable difference. Saleroom functions do not stop at buying and selling. They also include the entire function of dispatch to various factories, and monitoring of the output. In short, according to Sabharwal, the saleroom training in Brooke Bond exposes the young executive to a lot of responsibilities.

After the stint in the Calcutta saleroom, Sabharwal was posted to the Guwahati saleroom as manager in 1971. Then followed what Sabharwal describes as a fairly nomadic existence, which included a spell in the London tea buying centre, postings back and forth from Calcutta and Guwahati and Cochin till 1979. In the process Sabharwal got to know all the tea people. "It is a very close-knit community where personal contacts mean a lot. The movements certainly helped me," he says.

Upward climb. In 1979, Sabharwal's upward climb started in earnest when he was promoted to general manager, commodities (tea). The next year he became senior general manager and a director a year after that. In 1983, he was appointed vice-president, commodities. This long exposure to the commodities function prepared Sabharwal to take on the even larger responsibilities which were to follow. He says, "During the early part of my career in the commodities function, I felt it was important to get to know all aspects of the job in depth. Also, the commodities department does not act quite in isolation. I used to make an effort to acquire knowledge about other departments. Therefore when my responsibilities and functions expanded, I found the transition quite smooth."

Sabharwal's next job was vice-president, new projects. This was in 1984, when he also moved to Bangalore since Brooke Bond shifted its corporate headquarters from Calcutta. For the first time, Sabharwal moved away from the commodities function. He was now directly responsiblefor the ill-fated automotive division. This was the time when Brooke Bond decided to enter the two-wheeler market. As things turned out, it did not prove to be a wise decision. The 50 cc motorcycle did not take off, and the project had to be called off.

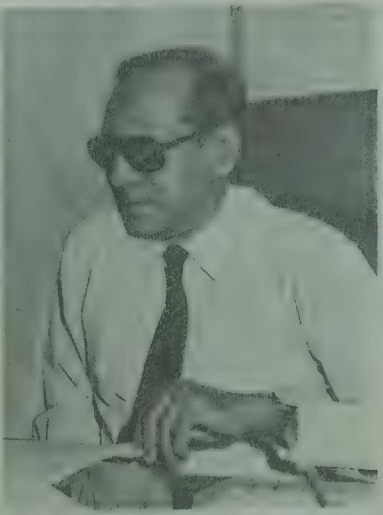
Wider responsibilities. In 1985, Sabharwal was promoted to senior vice-president, domestic operations. As he points out, this put him in charge of a much larger area. "While the commodities function is of course a very important part of domestic operations, it is still only a facet of the entire operation," he says. As head of domestic operations, he was responsible for all areas, including production, sales, quality, liaison with the commercial department, developmental activities and so on. "My knowledge of and involvement in other functions over the years helped considerably in functioning as head of domestic operations," says Sabharwal.

With this job, Sabharwal's organisational capability, came to the forefront. Within two years (in 1987) he was made deputy chief executive, leaving no doubt in anybody's mind that he was slated to take over. Sure enough, a few months ago he became the chief executive reporting to president C.S. Samuel who will be retiring soon. "My priorities as chief executive are pretty clear. I have to see that the company maintains its growth, that it continues to stay ahead in its core business of tea and coffee. We will also be looking at new food areas and exports which fall in line with the government's thinking," he says.

■ SUSHILA RAVINDRANATH

Much misery could have been avoided if **Arun Bapat** had been taken seriously three years ago. Way back in 1985 this Pune-based seismologist predicted with virtual pin-point accuracy that a major earthquake would hit the Bihar-Nepal region of the subcontinent. Last fortnight, the prediction came true — with disastrous consequences. "I communicated my data in the form of a report to the Institute of Mountaineering in Nepal," says Bapat, a geophysicist with the Central Water and Power Research Station, Pune. He adds that his method of prediction is not unique, it is something that has evolved over the last 15 years. "Earthquakes cannot be stopped or prevented," he says, "but we can certainly mitigate their worst effects by proper education and by enforcing strict construction codes taking into account seismic conditions."

Old habits die hard. Despite retiring as chief executive and managing director of Best & Crompton Engineering Ltd, **M.K. Kumar** finds it difficult to draw out all those irons from the fire. His idea of "rest and relaxation" includes directing the affairs of associate companies of B&C which have a substantial external holding, like Masoneilan India, serving on the boards of UTI and Exim Bank, besides helping to reorganise the working of Pierce Leslie. "By October next I will take on direct operational responsibility at Pierce Leslie," he says. In the meantime, as chief trustee of the Commonwealth Charitable Trust, Kumar is involved in helping set up an eye hospital in Calicut in conjunction with the Shankar Netralaya, Madras, of which he is a founder-trustee. Willington Hospital, Madras, where too Kumar has been playing an important role, will be launching a Rs.3.5-crore expansion programme. Kumar finds all this relaxing. "The change of environment, the new people involved is relaxation enough," he quips.



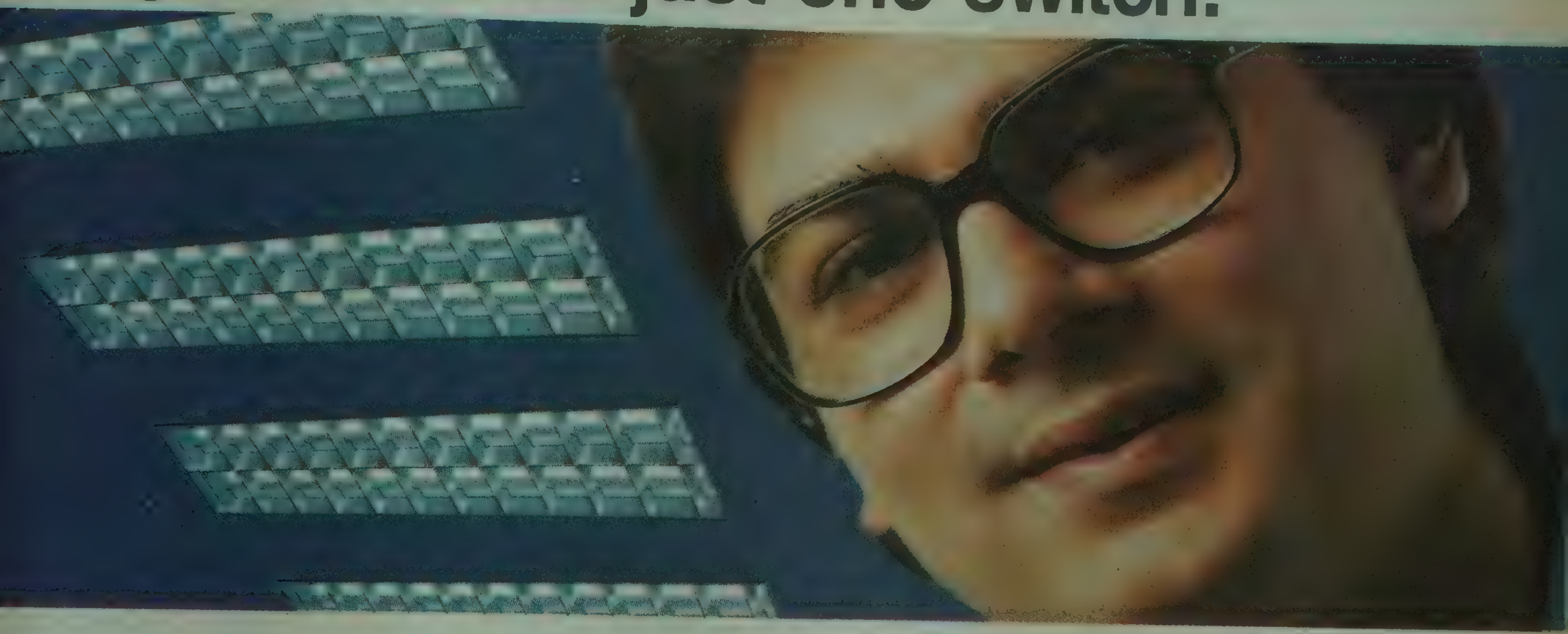
"I have been on this adventure for two weeks now and have covered more than half the distance. It feels good to have traversed this distance and more significantly, Asha, too, is feeling thrilled. She no longer appears worried, in fact, she savours my adventure. In some ways her desert crossing in a chase car itself is an adventure of sorts." This is part of dispatch no.13 from our adventurer-industrialist, **Vijaypat Singhania** of Raymond Woollen Mills, who is on an "epic" London-New Delhi flight in a microlight aircraft. Asha is his wife. All those who do not subscribe to Singhania's Bombay daily, *The Indian Post*, which has been frontpaging these dispatches every day, but are still interested in the progress of Singhania's adventures, here's the story so far, culled from the paper! Despite occasional glitches like "disquiet about radio communications", "funny engine sound", and not being able to monitor the "US fleet in the Persian Gulf" because of the inability to use "two radios together", the flight is progressing well and Singhania should be in Delhi. But we are not too sure whether the government has agreed to his request of being allowed to land on Rajpath so that he could just walk across to Rashtrapati Bhavan and meet the President.

In Bombay's hyperkinetic advertising fraternity it doesn't take much to fray nerves. **Ravi Gupta,** managing director of Trikaya Advertising managed it with ease recently with his series of hard-to-miss ads for *The Times of India's* sesquicentennial celebrations. Some of these ads are for the six commemorative issues the paper will bring out on the occasion, and feature caricatures of some of Bombay's leading advertising mandarins like Alyque Padamsee of Lintas and Muhammed Khan of Enterprise. The issues are to be distributed free to *The Times of India* subscribers across the country and the ads claim that they will have a readership greater than that of several of the leading Indian magazines put together. The readership part, however, did not go down too well with some of the publications named in the ads or with the people caricatured in them.

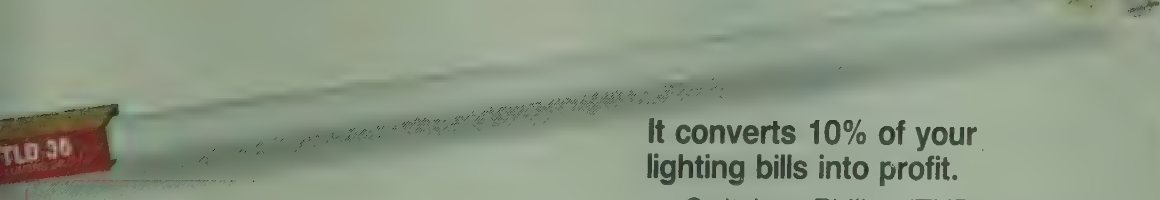
Both Padamsee and Khan quickly reacted by sending letters to the publications saying that they had been featured without permission. They pointed out that it was wrong on Trikaya's part to do this since it gave the impression that they, Padamsee and Khan, agreed with the featured copy. *India Today*, one of the publications mentioned has now hit back with a counter ad claiming that *The Times of India* has resorted to fiction even forgetting its own motto: "Let Truth Prevail". Gupta, whose idea the ad was, is still trying to figure out why so many people are upset by a simple ad. "I don't understand what this whole controversy is about," he says, "As for putting Padamsee and Khan in an embarrassing position, I am sorry about that, but as for the rest of the ad, these are the usual things that every magazine and newspaper mentions in its advertising brochure. All I can say is that the media coverage I am getting as a result is good publicity for me and Trikaya and we will continue with the ads."

PHILIPS

'I converted 10% of the office lighting bills nto profits. With just one switch."



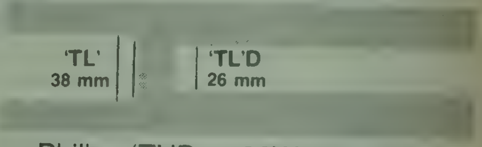
Philips 'TL'D.



It converts 10% of your lighting bills into profit.

Switch to Philips 'TL'D 36W, the slim, energy-efficient tubelight that actually pays back money over its service life.

When you're talking about lighting in offices, industries, hospitals, institutes, clubs... you're talking about a large number of installation points. And long hours of lighting. Imagine the savings!



Philips 'TL'D, a 36W tube that provides as much light as any ordinary 40W tube. It fits easily into existing luminaires and operates efficiently on a 40W ballast.

Switch to Philips 'TL'D. Slim tube • Slim bills • Bright light.

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254-D, Dr. Annie Besant Road, Worli,
Bombay 400 025.

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Kindly send more details on how I can save money for my installation.

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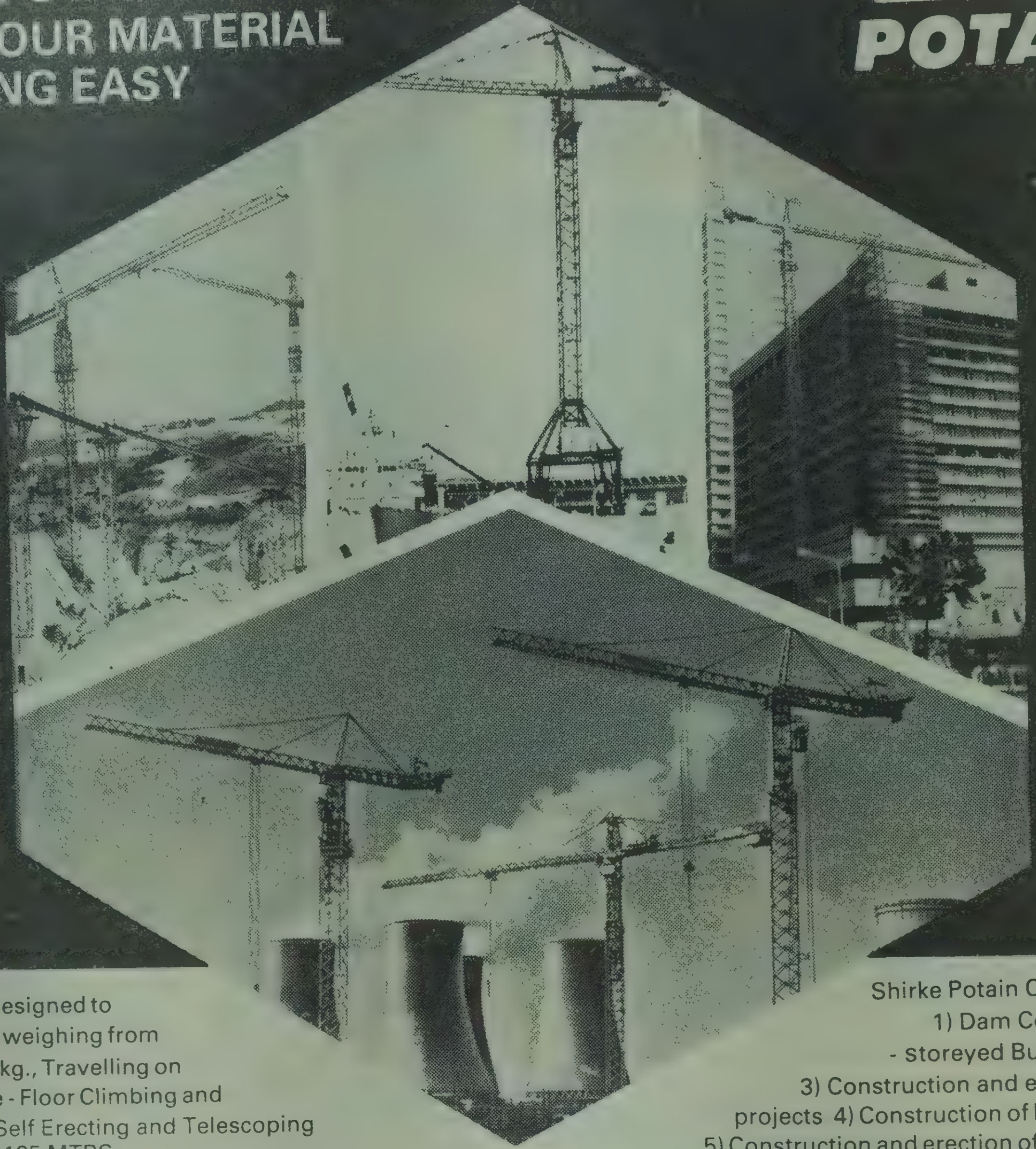

Tower Cranes - Designed to handle materials weighing from 300 kg. to 64,000 kg., Travelling on Rails - Fixed Base - Floor Climbing and Portal Base, are Self Erecting and Telescoping up to a height of 135 MTRS.
Shirke Potain Cranes save time, labour and money and move material faster.

Shirke Potain Cranes are ideal for: 1) Dam Construction 2) Multi-storeyed Building Construction 3) Construction and erection of Industrial projects 4) Construction of housing complexes 5) Construction and erection of thermal and atomic power projects 6) Fertiliser plants 7) Material Handling in open yards, for loading / unloading, shifting / stacking 8) Construction of cooling towers 9) Shipyards for ship building and ship repairs

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2	315 D GMR	3T	25M	20 M(Horizontal)	31.3M(Inclined)
3	E1/13B	4T	45M	34.6M	80 M
4	E2/18B	8T	45M	42.3M	110 M
5	G3/33B	12T	60M	64.3M	130 M
6	H4/36B	16T	60M	83.1M	156 M
7	MD-1000	64T	80M	102 M	150 M

Kalpak 159/88

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NEW DELHI: 1308, Hemkunt Towers, Nehru Place, New Delhi - 110019. Tel.: 6418630, Telex: 031-71083 ARTI IN.
BOMBAY: Exhibition House, Near Parsi Well, Cross Maidan, Churchgate, Bombay - 400020. Tel.: 258545, Telex: 011-4607 SIL IN.
BANGALORE: Leo Complex, 2nd floor, 44-45, Residency Road, Bangalore - 560025. Tel.: 568326, Telex: 0845-8691 ESVI IN.
NAGPUR: Ranikunj, Bairamji Town, Chitwis Colony, Sadar, Nagpur - 440013. Tel.: 33519, Telex: 0715-544 BGSN IN.
HYDERABAD: D/404, Mathrusi Apartments, Hyderguda, Hyderabad - 500029. Tel.: 237067.

Which is the best paying industry?

The best paymasters are undoubtedly the major foreign banks: Citibank, Bank of America, Grindlays, Hongkong Bank, and Standard Chartered. But most of these organisations are also among the more "head count" conscious. So, which are the industries that make the daily grind a bit more bearable with promises of big money and, more importantly, perquisites?

Traditionally, the choice was the pharmaceutical industry, followed by the multinational consumer product companies and then came any multinational company irrespective of industry. With the "Indianisation" of most multinational companies, this simple rule does not hold anymore. The best paymasters today are not necessarily the multinational companies, especially at senior managerial levels. What is perhaps more relevant is the general salary levels in the industry and the future prospects for the industry: is it a "sunrise" or a "sunset" industry? And while the current pecking order of the top paying industries is all important, it is equally important to know the reasoning behind pay scales so that you make the move out of or into the industry in good time.

What an industry pays, depends to a great extent on its capacity to pay in the initial stages. Take the pharmaceutical industry, for example. In the heyday of this industry, companies generally gave into the demands of unions without demanding commensurate returns and in turn, to maintain parity, paid its management staff handsomely. When the industry's margins came under pressure, the companies began to take a firmer stand with unions and restricted increases to senior staff. And today this industry is not favoured in the employment market.

Once an industry has set a pattern of paying high wages, there is no going back for quite a while as several industries, such as banking and pharmaceuticals and some segments of the engineering ndustry like the electrical industry, have discovered, much to their discomfort. And while these industries are looking at nnovative approaches to tackle the probem of high wage structures, they are nable to attract fresh talent.

The ability to pay, therefore, depends o a large extent on factors that affect the profitability of the industry. Some of the key points, in this context, are the competition in the industry (and therefore the extent to which cost increases can be passed on to the consumer) and the employment structure in the industry.

It must be recognised that labour cost is, in several cases, the single largest fixed cost element. Witness the large employment numbers in the traditional industries where little was done to modernise till the market just would not accept the product. On the other hand, most electronics companies set up recently are pretty slim, recognising the need to maintain costs in an industry where obsolescence is high.

The traditional industries, such as textile, jute, mining and even cement till recent times, have been traditionally poor paymasters. And naturally, these have neither attracted nor sought professionally qualified people. Several of these industries were, however, profitable. But their peculiar organisation structures, which evolved from several factors (such as their low stress on marketing), resulted in relatively lean management structures. The locations of the units and the lower wages in these areas also resulted in the lower salaries.

And the interesting point is that in virtually all industries, the wages paid to blue collar workers largely determine the level of remuneration to management staff. So if you are in a high wage industry, your growth is perhaps slow but you are definitely amongst the better paid!

The level of skills required in the industry is another important parameter. The higher the skill level, the better the education profile and higher the salary. However, "too specialised" also means a restricted market and hence, in the long run, it can result in limited salary increases since a person cannot move out of the industry. For the same reasons, MBAs and CAs are highly mobile across industries and command a better market value — hence the importance of generalist skills and how these skills can be of use.

The looser the organisation structure, the greater the flexibility in salaries — examples are software houses and advertising agencies.

In some industries the payment structure is not uniform. It is high at some levels and low at others. This is generally a reflection of a shortage of certain skills rather than an indicator of generally good terms. The cement industry is one example.

Another well known fact is that the service industries are generally better paymasters across the board. Take the case of banks, advertising agencies or software houses. This is due partly to the fact that there are fewer blue collar wokers and the education levels are higher. The success of companies in these industries also depends to a larger extent on the individual performances of their management staff. There is therefore greater stress laid on recognising individual performance through high increments, bonuses, cash rewards, overseas trips and faster promotions than in manufacturing companies.

There is however a catch. Except for banks, most service industries provide hard perquisites such as housing and cars on a very restricted basis. While the "cash" component of the salary package is therefore attractive in the service sector, the basic necessities are generally better provided for by manufacturing companies.

And, of course, the growth industries are always among the better paymasters. They are, however, not necessarily good paymasters at all levels. The top salaries go to personnel who have the key functional talents required for the industry, such as the marketing people in consumer industries today, the development staff in the electronics companies or the technical specialists in the petrochemical industry.

It is therefore entirely possible that today's top paymasters may not be so tomorrow. But as of now, the hierarchy of industries in the employment market is, in descending order: foreign banks, consumer goods, office automation (including computers), advertising, chemicals, pharmaceuticals, fertilisers, tyres, consumer durables (such as television and home appliances), electronics, electrical, automobiles and then other engineering industries. (The Number 1 paymaster, however, has virtually remained constant through the last two decades: Foods Specialists Ltd.)

Therefore a hard look at the industry in general; and specifically its overall economics, is well worth one's while before taking the leap.

■ ANITA RAMACHANDRAN

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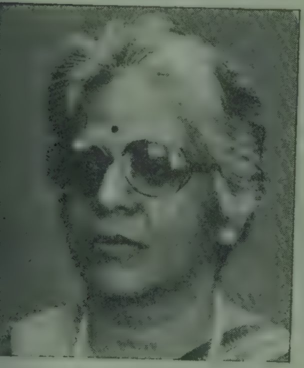
ASHISH MITRA has joined Ogilvy Benson & Mather (OBM) Advertising as its executive director.

M.P. TEJWANI has been appointed executive director in charge of project finance, of the Export-Import Bank of India.

V.K. BHALLA has taken over as president of Shalimar Paints.

S.K. KHANNA has been appointed director on the board of Indian Telephone Industries Ltd.



TARJANI VAKIL has
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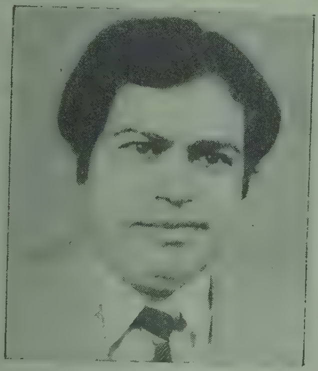

S.G. AWASTHI has taken over as executive director of DCM Toyota Ltd.

Y.K. JAIN has taken over as managing director of Gujarat Heavy Chemicals Ltd.

A.L. ROONGTA has taken over as chairman and managing director of Rajasthan State Industrial Development Corporation Ltd.

B. NAGARAJ RAO has been nominated president of the Kanara Stock Exchange Ltd, Mangalore.

ANIL KADAM has been appointed manager, western India region, of Air-India.

G.S. KESHAVAMURTHY has been appointed managing director of South India Viscose Ltd.

DEVA PRAKASH has been appointed managing director of Special Steels Ltd, while S.A. GUPTE has been appointed vice-president (administration and personnel) and N.S. UNNIKRISHNAN vice-president, Tarapur complex.

MINAAL M. SINHA has taken over as corporate adviser to the chairman of Bihar Sponge Iron Ltd.

S.V. PILLAI has been elected chairman of Pfizer Ltd; JOSEPH C. JENSEN is the new managing director.

C.K. THANAWALA has been promoted as managing director of Industrial Investment Trust Ltd.

P.S. GUPTA has been appointed chairman and managing director of Bharat Heavy Electricals Ltd.

R. VENKATARAMAN has been appointed whole-time director of Premier Breweries Ltd.

A.V. MATHEWS has been promoted as chief engineer at The Oberoi Towers and The Oberoi in Bombay.

O.P. MANCHANDA has taken over as director, technical/operations, of Northern Coalfields Ltd.

ASSOCIATIONS

.P. GUPTA has been re-
ected president of the
ihar Chamber of
ommerce.

K. SINHA has been
ected president of the
ombay Chapter of the
stitute of Internal
uditors — India while
V. HARIBHAKTI and R.
RIDHAR RAO have been
ected vice-presidents.

KANTIKUMAR R. PODAR has been re-elected chairman of the Bombay Textile Research Association.

KESHUB MAHINDRA has become chairman of the new India Foundation for PR Education and Research.

K. RAMAKRISHNAN has been elected chairman of the Indian Institution of Plant Engineers.

HANSRAJ V. MARIWALA has been re-elected chairman of the Vanaspati Manufacturers' Association of India for 1988-89.

Senior executive positions

A compilation of executive positions advertised in **Business India** and other major publications between 15 and 27 August 1988.

WEST

VICE-PRESIDENT (Technical) * *Sal* Attractive + housing * *Age/Qlfn* 38-45 years * BE (chemical or mechanical) * *Reqd* 15 years of production management experience in the cement industry, including atleast 7 years senior level experience * *Resp* All technical functions of highly automated cement plant; using the latest technology * *Cont* A.F. Ferguson Associates, Post Box 1786, Bombay 400001 (BI — 22.8)

VICE-PRESIDENT (Marketing) * Bombay * *Sal* NS * *Age/Qlfn* NS * Graduate with post graduate qualification in management specialisation in marketing * *Reqd* 15 years experience in marketing similar products or from those of the textile industry * *Resp* Effectively marketing the company's products in a highly dynamic and competitive environment * *Cont* Chairman, Apex Management Consulting Group Pvt Ltd, C-1 Ram Square, 2 Village Road, Madras 600034 (ToI — 22.8)

VICE-PRESIDENT/GENERAL MANAGER (Marketing) * *Sal* NS * *Age/Qlfn* 32-42 * MBA from a premier institution * *Reqd* Adequate experience in an industry compatible and synergetic with the area of packaging. Prior experience in a senior position in a company of repute is a must * *Resp* Report to MD. Responsible for all aspects of planning, marketing and sales. Formulation of product and marketing strategies * *Cont* Chander Bhateja, Chief Executive, The Concept Counsel of Management Services, 67 White Hall, 143 August Kranti Marg, Bombay 400036 (ToI — 22.8)

HEAD OF R&D (Power Electronics) * Bombay * *Sal* Attractive + housing + car * *Age/Qlfn* Around 40 years * B Tech/M Tech (electronics) possibly with a Phd * *Reqd* Proven track record of development in power electronics industry and experience of providing leadership to a large R&D establishment * *Resp* Head R&D department * *Cont* A.F. Ferguson Associates, Post Box 1786, Bombay 400001 (BI — 22.8)

GENERAL MANAGER (Marketing) * Western India * *Sal* Rs.100,000 + housing + car * *Age/Qlfn* 40 years * NS * *Reqd* Proven track record in marketing consumer/consumer durable products for minimum 15 years of which at least 5 years should be at a senior level * *Resp* All India sales, marketing and servicing of company's products, develop highly motivated and result oriented marketing team and dealer network * *Cont* A.F. Ferguson Associates, Post Box 1786, Bombay 400001 (BI — 22.8)

NORTH

VICE-PRESIDENT (Civil Construction — Overseas) * *Sal* NS * *Age/Qlfn* Late 40's * NS * *Reqd* Extensive experience in civil construction in India and most definitely abroad at senior most level; organisational talents with ability to keep expenditure within budget * *Resp* Establshmnt of civl constrctn wing, recrutmnt of key persnnel, organsition of team in India/abroad, organsiton of supplies, supervision of tender in all commercial/technical details, lead division independently * *Cont* Box No. AA/244/BT/4, Business India, 49 Regal Building, Connaught Circus, New Delhi 110001 (BI — 22.8)

EXECUTIVE DIRECTOR * *Sal* Attractive + perks * *Age/Qlfn* 45 years * BE (chemical) — first class + overseas education or MBA * *Reqd* 20 years experience of which 10 should be in senior management positions in India or abroad in large chemical/petrochemical companies * *Resp* Entire operations of two large, existing chemical works, including production, marketing, finance and profitability * *Cont* Box No.AA/273/LI/3, Business India, 59 Regal Building, Connaught Circus, New Delhi 110001 (BI — 22.8)

VICE-PRESIDENT (Diversification) * New Delhi * *Sal* Excellent * *Age/Qlfn* 45 years * BE * *Reqd* Proven track record in diversifction projects and corprte planning, high level of techno-commercial expertise, innovative thinking; 10 yrs of hands-on xperence in project formulation and implementation * *Resp* Identify potentl areas for xpanson thrugh diversifction (new projct or acquistion); prepare proposal based on extensive MR technical evaluation, financial viability and implement selected project(s) * *Cont* ABC Consultants Pvt Ltd, 209, Meghdoot, 94 Nehru place, New Delhi 110019 (BI — 22.8)

MANAGING DIRECTOR/PRESIDENT * New Delhi * *Sal* Attractive + housing + car + perks * *Age/Qlfn* 50 years * NS * *Reqd* 20 years experience in chemical industry having held senior management positions, immediately below or at board level * *Resp* Head operation of large succeesful in the business of chemicals and manufacturing PSI, etc * *Cont* Box No.AA/273/CV/4, Business India, 59 Regal Building, Connaught Circus, New Delhi 110001 (BI — 22.8)

SOUTH

HEAD OF MANUFACTURING * Tamil Nadu * *Sal* NS * *Age/Qlfn* 35-42 years * Mechanical Engineer * *Reqd* Independent charge of the manufacturing function of a reputed consumer durable company for atleast 5 years * *Resp* NS * *Cont* Raju Swamy, Chief Executive, REF:8881, 967, 1 Floor E&F Block, Kuvempunagar, Mysore 570023 (ToI — 24.8)

GENERAL MANAGER * South India * *Sal* Attractive * *Age/Qlfn* NS * NS * *Reqd* Minimum of 10 years experience in cement industry, prior exposure to all aspects of factory management * *Resp* Will spearhead all manufacturing operations of cement plant from mining to dispatch, including production, maintenance, materials and quality control * *Cont* REF. No. ES/710 M.S.S. Varadan, Om Consultants (India) Pvt. Ltd, Post Bag No 356, Malleswaram, Bangalore 560003 (H — 18.8)

OVERSEAS

FINANCIAL CONTROLLER * Auckland (New Zealand) * *Sal* Rs.45,000 per month + perks * *Age/Qlfn* 35-45 years * Chartered Accountant or Cost Accountant * *Reqd* 10 years post qualification experience including 5-7 years in a senior position in profit centre management * *Resp* Oversee entire financial operations of the organisation — part of top management team * *Cont* Ms Abha Kapoor, Vice-President, World Link Finance Ltd 151, Maker Chamber III, Nariman Point, Bombay 400021 (ToI — 28.8)

Executive positions

ToI — Times of India; *H* — Hindu; *S* — Statesman; *HT* — Hindustan Times; *ET* — Economic Times; *Econ* — Economist; *BI* — Business India

VESY

ECHNICAL, FINANCE AND MARKETING TRAINEES * *Sal*
.2,500 p.m. * *Age/Qlfn* NS * Degree in engg from IITs or
gional engineering colleges, or CA certificate or MBA * *Reqd*
xperience in extra-curricular activities * *Resp* To undergo 12
onths training at either of two factories in Maharashtra or at
oposed factory in Madhya Pradesh or at Bombay head office *
nt General Manager — Personnel, Hindustan Cocoa Products
mited, Cadbury House, B. Desai Road, Bombay 400 026 (H —
.8)

EAD OF AIRLINE CARGO DEPARTMENT * *Sal* NS * *Age/Qlfn*
* University degree * *Reqd* ULD control, process pallet and
ntainer build up, import/export formalities, efficent loading/
loading, local custom regulations. Minimum 6 yrs experience
supervisory position within cargo airline industry * *Resp*
ndle cargo department independently in reputed interna-
nal airline and also liaise with regulatory authorities * *Cont*
x No K 676 — S, Times of India, Bombay 400 001 (ToI — 18.8)

RKETING MANAGER * Bombay * *Sal* Attractive * *Age/Qlfn*
ove 40 years * NS * *Reqd* 15 years experience in marketing of
es, 5 at a managerial level, knowledge of all-India wholesales
l retail trade practices * *Resp* Achieving targets in domestic
es * *Cont* Ref CPD/61, Larsen & Toubro Ltd, Powai Works, Post
x 8901, Bombay 400 072 (H — 18.8)

EA MANAGER * West Zone * *Sal* NS * *Age/Qlfn* 28-32 years *
duate * *Reqd* 3-4 years selling experience in consumer
ables preferably electrical appliances * *Resp* All aspects of
s management, contolling and motivating field staff, deve-
ng market and active set sales targets * *Cont* The Personnel
nager, Indian Sewing Machine Co Ltd, 3 Devika Tower 6
ru Place, New Delhi 110019

ISTANT PERSONNEL MANAGER * Bombay * *Sal* Approx
0,000 pa (negotiable) * *Age/Qlfn* Aprrox 35 years * Person-
Management from an institute of repute * *Reqd* 10 years of
erience in similar position and fully conversant with modern
niques in personnel management and indsutrial relations *
Manpower planning, recruitment, training, industrial rela-
s, welfare activities and personnél administration * *Cont*
(B), General Manager — Manpower and Development,
nnia Industries Ltd, P.O. Box 542, Bombay 400001 (ToI —
)

RTERED ACCOUNTANTS * Bombay * *Sal* NS * *Age/Qlfn* NS
* *Reqd* Preferred experience in computerised accountancy *
Audit department * *Cont* General Manager (Personnel &
inistration), Rallis India Ltd, 21 Damodar Sukhadvala
, Bombay 400001 (ToI — 25.8)

ERSEAS

UCTION MANAGER * Thailand * *Sal* Attractive renumera-
accommodation, LTA etc * *Age/Qlfn* Not stated * First class
ate in chemical/textile engineering * *Reqd* 13-18 years
ience in synthetic fibre industry, of which 5 years should
involved total responsibility of production and process
ol, experience in acrylic fibre or polyester staple fibre
plants * *Resp* Handling production function of large, new synthetic fibre project * *Cont* P.S. Chohan, President, AIMS Management Consultants, 42, Veer Nariman Road, Bombay 400023 (H — 17.8)

COMMERCIAL SERVICES MANAGER (Electronics Industry) * *Sal* Ns * *Age/Qlfn* Around 30 years * MBA or M.Com * *Reqd* 4 to 6 years experience in the commercial department of a large business and well versed in export/import * *Resp* Training in Hong Kong for 8-12 months prior to relocation in New Delhi. Reporting to head of finance. Responsible for all commercial operations * *Cont* MS/4824, A.F.Ferguson Associates, 6H Hansalaya, 15 Barakhamba Road, New Delhi 110001 (ToI — 18.8)

ASSISTANT MANAGER (Electrical Products Marketing) * *Sal* Negotiable * *Age/Qlfn* 26-33 years * Engineering and/or management * *Reqd* Relevant experience in similar positions * *Resp* NS * *Cont* MS/4931, A.F. Ferguson Associates, P.O. Box 1786, Bombay 400001 (ToI — 21.8)

ELECTRIC MANAGER * Spain * *Sal* US $ 20,000 + accommodation * *Age/Qlfn* Late 20s * MBA from recognised university + technical background preferred * *Reqd* 4 to 5 years of experience working with consumer electronic company * *Resp* Selling consumer electronic products including computers, copiers, and fax machines * *Cont* Kishinchand Chellaram (India) Pvt Ltd, P.O. Box 2344, Bombay 400002 (ToI — 21.8)

MANAGER (Projects Co-ordination) * Sultanate of Oman * *Sal* NS * *Age/Qlfn* Around 40-45 years * Mechanical Engineer in construction with civil and electrical background * *Reqd* 10-15 years functional experience in loading engineering construction company with exposure to project planning, co-ordination, manpower allocation, quality assurance * *Resp* Formulate strategies and implement these by guiding and leading a team of managers * *Cont* The Advertiser, P.O. Box 1969, Seeb Airport, Sultanate of Oman (ToI — 21.8)

ABC's major specialisations include Corporate Consultancy

VICE PRESIDENT
(FINANCE)

New Delhi **Top Management Terms**

Our clients are a large, reputed Public Limited Company manufacturing & marketing Polyester Staple Fibre/Chemicals/Textile etc. with a current turnover of over 80 crores. They have ambitious expansion & diversification plans envisaging investments of around 100 crores. To handle the present and enhanced activities they require a top notch Finance Professional.

Reporting to the Chief Executive, he will be exercising overall charge of the entire Corporate Finance & Accounts functions. He will be responsible for funds & cash management, banking, routine accounting, cost & budgetary control, taxation, MIS, computer application, managing term loans/public issues/debentures/fixed deposits etc.

Candidate must be accomplished finance professional, preferably Chartered Accountant, with a minimum of 20 years experience, of which about 10 years must have been at a senior management position/head of finance in an organisation of repute. Project Financing/Management experience will be a definite advantage. Desired age Around 50.

This being a very senior position, remuneration will not be a constraint for the right candidate. Please apply in strict confidence within 10 days to Deepak Bhargava, Divisional Manager, with detailed bio-data quoting job title & code: VP/DEL/707.

(Personnel Selection Division)

ABC CONSULTANTS PRIVATE LIMITED

209 Meghdoot, 94 Nehru Place, New Delhi-110 019. Phone : 6433383

Project Reports • Operations Research • Industrial Engineering • Systems & Procedures • Computer Feasibility

Organised Cost Reduction • SWOT Analysis • Data Processing

Materials Management • Project Reports • Business Negotiations • Technology Transfer • Software Packages

ABC's major specialisations include Corporate Consultancy

We have been retained by a highly dynamic & fast expanding Industrial Group with **HQ at Bhubaneswar** to select senior professionals for them. The Group is growing at a tremendous pace and will reach Rs 500 Crores mark in the next 4/5 years. Current business interests are in the areas of **capital-intensive, export-oriented, hi-tech,** metallurgical processing & power industries.

VP-FINANCE

Will be Finance Head. CA or ICWA. Age Group 37-45. Senior level experience with manufacturing companies in **industrial project financing (AIFIs),** current asset management, MIS vital. Position demands lot of dash & push and high intellect. Code VPF/CAL/2471. Also **2 DGM/AGM-Finance** in the age group 30-45 for different group companies to supervise finance & accounts department. Exposure to AIFIs, funds management, costing, budgeting & MIS essential. Code DGMF/CAL/2472.

GM-THERMAL POWER PLANT

Will be **Overall Incharge** of highly sophisticated, brand new, 108 MW plant of Swedish Make. Must have generation/supervision experience in a highly computerised environment involving latest process control instrumentation & data acquisition systems. The plant is currently operated by Swedish Expatriates. No Age Bar. Code GMPP/CAL/ 2473.

GM/DGM-MATERIALS

For fully computerised integrated materials management function involving materials planning, inventory control, procurement, storage, etc. Age Group 35-45. Previous experience in reputed engineering companies, preferably metallurgical processing plants very helpful. Knowledge of **import policies, licensing and procedures** essential. Exposure to computerised working and proven buying skills vital. Code GMMM/CAL/2474.

AGM-HRD

For HRD. Exposure to recruiting, career planning, compensation analysis and computers essential. Age Group 30-40. Code AGMP/CAL/2475/.

All positions are **Bhubaneswar-based** and emoluments will be handsome & negotiable. Our clients are looking for career-minded, **high performers** with capacity to grow at a very fast pace. Please write within 10 days and mark the envelope & enclosures with respective job title & code to **B P Agrawal, Chairman** with details of age, education, past experience, current position & responsibilities, emoluments drawn & expected, contact telephone numbers, present & permanent address.

ABC CONSULTANTS PRIVATE LIMITED

43/3, Hazra Road, Calcutta 700 019, Phones 47 3688 (5 Lines)

Organised Cost Reduction • Technology Transfer • Project Reports • Operations Research • Industrial Engineering

Data Processing • Computer Software Packages • Materials Management

SWOT Analysis • Systems & Procedure • Business Negotiations • Socio Economic Studies • Computer Feasibility

NFCL

Nagarjuna Fertilizers and Chemicals Limited

Nagarjuna Fertilizers and Chemicals Limited is the new flagship company of the well-known Nagarjuna Group, a leading fast-growing corporate conglomerate with diversified activities in the steel, chemical, fertilizer and finance industries. NFCL is now implementing the prestigious Rs. 635-crore fertilizer project based at Kakinada for producing 900/1350 TPD of Ammonia/Urea. It is now seeking outstanding managerial talent for the position of :

VICE PRESIDENT DESIGNATE

MARKETING

Hyderabad **Excellent Terms**

The incumbent would act as understudy to the Executive Vice President and is envisaged to take over as the chief of the marketing function. He would be designated suitably during the interim period. The position involves aggregate responsibility for assisting in effective planning, organising, coordinating and controlling marketing activities. The job specifically involves overall planning/administration of marketing activities during seeding programme and subsequently in marketing operations, marketing policy, distribution logistics, credit management, market information systems and training of marketing personnel.

The position calls for high conceptual ability, creative thinking and dynamism. Excellent communication and inter-personal skills are required in this position for dealing not only with Governmental agencies and others in the industry, at the senior level, but also senior specialists in the fertilizer field already in position in the organisation.

Applicants should be around 40-45 years of age and have a post-graduate qualification in management from a reputed institution with specialisation in marketing, with about 15 years' experience in marketing, not necessarily in fertilizers but preferably in products with a rural market base.

This is a senior position and only those with the requisite seniority, capability and experience will be considered. The compensation package will not be a constraint for the right candidate.

Please apply in confidence, with a detailed resume, within 15 days, to :

Chairman,
Apex Management Consulting Group Private Limited
C-1, Ram Square, 2, Village Road, Madras 600 034.
Telephone : 474348.

amcon

Imageads 2620

DCL POLYESTERS LIMITED

DCL Polyesters Limited, a Company jointly promoted by Deccan Cements Ltd., and SICOM (State Industrial and Investment Corporation of Maharashtra Limited) with equity participation of Asian Development Bank (ADB) has made substantial strides with the implementation of its Rs.128-crore, 15,000 TPA Polyester filament yarn project, near Nagpur. The project has the technical collaboration of EMS Inventa, a world leader in the field and would be one of the most modern in the country, when implemented. The Company is professionally managed, has a strong commitment towards creating an environment that fosters individual self-actualisation and is presently looking for outstanding professionals for the following position:

VICE PRESIDENT (MARKETING) Bombay

To head its marketing operations. He will assume full responsibility for effectively marketing the company's products, in a highly competitive and dynamic environment — both at the trading and bulk industrial consumer levels.

The VP (Marketing) would primarily ensure launching of a successful seeding programme during the project phase, and develop overall marketing objectives, formulate plans and effectively administer the implementation of these plans during the post commissioning period.

The position calls for a high degree of conceptual capabilities, creative and dynamic marketing approach, ability to organise and build up a strong team of marketing professionals.

The incumbent should be a graduate with post-graduate qualification in Management with specialisation in Marketing from a reputed institution. About 15 years' experience in marketing similar products or from those of the textile industry is desirable.

The remuneration package will be one of the best in the industry.

Detailed resume indicating career progression, achievements, and salary history with a passport sized photograph may please be sent within 10 days to:

Chairman
Apex Management Consulting Group Private Limited,
C-1, Ram Square, 2 Village Road,
MADRAS 600 034.
Telephone: 474348.

amcon

VICE PRESIDENT—MARKETING

(Code:MAS 8091)

NEW DELHI **TERMS NEGOTIABLE**

Our Client, a professionally managed Consumer Product Company with its Head Office at New Delhi and Branch Offices at all major cities in India, manufacturing and marketing Food Products and other Consumer goods with an annual turnover of over Rs. 110 crores, is looking for a TOP FLIGHT Marketing Professional to head its Marketing Division. It is a multi-product, multi-division Company with an excellent record of growth and is currently implementing highly ambitious new Projects as part of their diversification plan.

The Selected Candidate will be responsible for total Sales and Marketing operations of the Company which include preparation of Brand Marketing Strategies, Market Research, Development of new products and their launch, Advertising & Sales Promotion and meeting all India Sales Objectives for different product groups at budgetted costs. He will report to the Chief Executive. He must have at least 10 years experience in a Senior Management Position with a proven track record of having handled successfully a large Marketing Organisation consisting of Marketing Managers/Product Managers, Regional Managers and a large field force of Area Sales Managers, Sales Supervisors and Sales Representatives. Age around 40 years.

The Company is operating in a highly competitive environment and has so far successfully launched many new products in the face of stiff competition from some of the well-established multinational Brands. To meet the on-going challlenge, our client is looking for a highly result-oriented and dedicated man totally committed to achieving Excellence. He must be innovative and conceptually very sound to direct and control a large Marketintg Set-up. It is a highly challenging job with excellent growth prospects.

The Compensation Package is totally negotiable. Besides Salary, the Company has all top management Perks e.g. LTA Medical, PF, Gratuity, Club Membership, Furnishing Allowance etc. IN ANY CASE, SALARY WILL NOT BE A LIMITING FACTOR FOR THE RIGHT CANDIDATE.

Please write in strict confidence within 10 days quoting job title and code number to:

HUMAN RESOURCES DIVISION
PRESTIGE LINKERS PVT. LTD.
(Management Consultants)
Post Bag No. : 24, New Delhi-110 017. Phones : 6443873, 6416275.

the concept *has been retained by a large, well-established, highly reputed and leading north-India based group of companies, to select a top flight senior marketing professional for their new venture for manufacturing and marketing Biaxially Oriented Polypropelene (BOPP) film. The group has ambitious plans to make this new endeavour in packaging and film manufacture as one of its leading business activities. The group's philosophy places a high value on professionalism and human resources, to achieve their corporate goals.*

VICE PRESIDENT / GENERAL MANAGER – MARKETING

Delhi

The Job: The incumbent will report to the Managing Director and would be responsible for all aspects of planning, marketing and sales. The assignment will call upon special strengths to formulate product and marketing strategies, build a professional marketing team, sales and distribution, advertising and sales promotion, market research, etc.

The incumbent would also be required to provide selective commercial support to the operations and would head the division with a profit centre responsibility, including responsibilities of business development in the related field. The incumbent will actively participate in formulation of overall company strategies, plans, and policies.

The Challenge: The incumbent should be a true, all in all, marketing professional with proven ability and the reputation of being a 'doer'.

The candidate in the age group 32-42, should be an engineer and an MBA from a premier institution with adequate experience in an industry compatible and synergetic with the area of packaging. Prior experience in a senior position in a reputed Company is a must.

The Environment: The Company has a professional style of work and an environment carefully blended with task and people orientation. In an ideal situation, backed by performance, the incumbent could even look forward to the position of Chief Executive for independent operation in time to come.

Emoluments: Comparable to Industry norms including all perquisites.

Applications will be treated in strict confidence. Please apply within 10 days giving telephone contact numbers to:

CHANDER BATHEJA
Chief Executive

THE CONCEPT
Counsel of Management Services

67 White Hall (Next to Hotel Shalimar at Cumballa Hill)
143 August Kranti Marg, BOMBAY 400 036.
Phone Nos. 8224422-23 & 8118319

C/142/88

ABC's major specialisations include Corporate Consultancy • Operations Research • Industrial Engineering • Systems & Procedures • Computer Feasibility • Socio-Economic Studies • Organised Cost Reduction • SWOT Analysis • Data Processing • Materials Management • Project Reports • Business Negotiations • Technology Transfer • MIS • O&M • Software Packages

VICE PRESIDENT

REAL ESTATE DEVELOPMENT

DELHI

ATTRACTIVE TERMS

We have been retained by a **successful business house with extensive business interests in diversified fields in India and abroad,** to select a Vice President to head the operations of its fast expanding and profitable Real Estate Development Company. The vacancy has arisen as a result of the Management's strong desire to expand the company's activities and match up by giving the necessary strength and dynamism for meeting the emerging challenges and future corporate plans.

Reporting to the **Managing Director,** the position calls for assuming **over-all charge of the company's operations with accountability for its management, profitability and business growth.** Key result areas would be **identification & selection of new proposals, project formulation, acquisition of land/properties, construction and marketing of the property.**

It is a challenging assignment and a high calibre, mature individual with strong management capabilities, all-round technical expertise in real estate development, indepth knowledge of requirements of relevant authorities and ability to conceive innovative ideas, will find it professionally satisfying and rewarding. **Exposure to management of overseas construction projects would be desirable.**

Applicant should preferably have Engineering/MBA background with around 15 years proven experience. Age around 45. **The compensation package is negotiable and would include perquisites that go with top management positions.** Please apply in strict confidence within 10 days with detailed bio-data giving details of age, qualifications, **real estate development work planned & implemented both in India & Abroad,** to **Deepak Bhargava, Divisional Manager**, quoting job title & code: VPR/DEL/709.

(Personnel Selection Division)

ABC CONSULTANTS PRIVATE LIMITED

209, Meghdoot, 94 Nehru Place, New Delhi-110 019 Ph.: 6433383.

ABC's major specialisations include Corporate Consultancy

LARGE INDUSTRIAL GROUP
COMPANY SECRETARY

Delhi/Eastern India

Excellent Terms

Our clients are a large diversified **well known industrial house of international repute. Their recent 100 crores multinational venture, coming up in Eastern India with excellent world famous West-German collaboration, will be soon going public with a large issue. To spearhead the Secretarial functions they require a Company Secretary.**

The incumbent, reporting to Finance Director, will be responsible for **all Secretarial and legal matters of the company including processing and finalising the formalities before and after a public issue, maintenance of statutory records, compliance of MRTP, FERA regulations & other laws related to various investments/borrowings.**

The candidate should be a matured Company Secretary **capable of conducting high powered board meetings and with excellent proficiency in drafting minutes.**

A qualified Company Secretary, of age group 35-40, with **degree in law** and a minimum of 10-15 years post qualification experience would be most suitable. **Remuneration package comparable with the best for such positions, will be negotiated.** Apply in strict confidence within 10 days with detailed biodata, recent photograph, two references and contact telephone number to **Deepak Bhargava, Divisional Manager,** quoting job title and code: CS/DEL/708.

Personnel Selection Division

ABC CONSULTANTS PRIVATE LIMITED

209 Meghdoot, 94 Nehru Place, New Delhi-110 019 Phone: 6433383

Materials Management • Project Reports • Business Negotiations • Technology Transfer • MIS • O&M • Software Packages

Operations Research • Industrial Engineering • Systems & Procedures • Computer Feasibility • Socio-Economic Studies

Organised Cost Reduction • SWOT Analysis • Data Processing

DCL POLYESTERS LIMITED

DCL Polyesters Limited, a Company jointly promoted by Deccan Cements Ltd., and SICOM (State Industrial and Investment Corporation of Maharashtra Limited) with equity participation of Asian Development Bank (ADB) has made substantial strides with the implementation of its Rs.128-crore, 15,000 TPA Polyester filament yarn project, near Nagpur. The project has the technical collaboration of EMS Inventa, a world leader in the field and would be one of the most modern in the country, when implemented. The Company is professionally managed, has a strong commitment towards creating an environment that fosters individual self-actualisation and is presently looking for outstanding professionals for the following positions:

CHIEF MARKETING MANAGER

The position involves overall planning and administration of marketing activities, including seeding programme, market planning, credit management, market information systems and training of marketing personnel.

The incumbent should be a graduate with post-graduate qualifications in management and should have about 12 years' experience in marketing similar products — and presently holding a senior position.

MANAGERS

They will be responsible for administration of activities in specific marketing functions i.e. sales administration, distribution, marketing services etc., during the post implementation phase. These positions call for high energy levels good interpersonal skills and a strong desire and ability to work in the market place.

Applicants should be graduates with about 8 years' experience in dealing with similar products. Post-graduate qualification in Marketing Management will be desirable.

The compensation package will be one of the best in the industry.

Applications giving a detailed resume of responsibilities, achievements, and salaries drawn and expected with passport sized photograph may please be sent within 10 days to:

Chairman
Apex Management Consulting Group Private Limited,
C-1, Ram Square, 2 Village Road,
MADRAS 600 034.
Telephone: 474348.

amcon

LONDON PILSNER

Associated Breweries & Distilleries, manufacturers of the famous 'London Pilsner Beer', requires two dynamic professionals with a proven track record to head its marketing and personnel departments.

MARKETING MANAGER

Job functions include market research, planning, product pricing, compilation of marketing and statistical data and motivating, assessing and guiding a team of sales executives and sales representatives. An ability to identify, open and sustain new markets outside Maharashtra plus cater to the market growth in Maharashtra itself is a must. Those confident of also exploring and improving export markets will be preferred.

Ideal age mid 30's. A minimum of 7 years' experience in marketing consumer goods preferably beer and IMFL products essential.

Persons earning less than Rs. 75,000 need not apply.

PERSONNEL MANAGER

(At New Bombay)

Job functions include assisting the company in all aspects of human resources management like recruitment, performance appraisal, training and management development etc. Must be able to independently negotiate with the Union. The posting will be at our factory at New Bombay.

Ideal age mid 30's. A minimum of 5 years proven track record plus a degree/ diploma in Personnel Management essential.

Persons earning less than Rs. 60,000 need not apply.

Both posts carry an attractive salary commensurate with qualifications and experience plus liberal perks like house rent allowance, leave travel allowance, medical, provident fund, gratuity, superannuation, etc. The remuneration package is negotiable and will not be a constraint for the right candidate.

Apply within a fortnight with full details including salary last drawn and salary expected, to:

ABD

Associated Breweries & Distilleries,
Meher House, 2nd floor, 15, Cawasji Patel Street, Fort, Bombay 400 001.

NELCO

requires

MARKETING/SALES PROFESSIONALS
in the field of
COMPUTERS

NELCO's Business Systems Division is amongst the leaders in the Indian computer industry in technical collaboration with world-renowned organizations, like, Honeywell Bull, Qantel and Tata Elxsi. NELCO's minicomputer, Force-20, in collaboration with Honeywell is a well accepted product, with around 100 installations within the first year of its launch. The other successful products include the System 5000, the Matrix range of microcomputers including 386-based systems and the Tata Elxsi Computers.

ALL-INDIA MARKETING MANAGER — BOMBAY — Excellent Terms

The selected candidate will be directly responsible for product management and sales management functions on an all-India basis. He will be required to formulate and implement innovative strategies in a highly competitive environment and exercise effective control of regional activities so as to achieve the Division's objectives in terms of market share and customer satisfaction.

REGIONAL MANAGERS — DELHI/CALCUTTA — Attractive Salary & House

The selected candidates will be responsible for managing the region independently and for planning, monitoring and controlling the regional sales and support functions.

Candidates should be graduates preferably with a management qualification and around 8/10 years of relevant experience. Exposure in the sale of microprocessor-based high value systems, preferably computers, would be required. Strong leadership, business acumen and team building abilities to guide a large and diverse group of marketing, software and customer engineering professionals, is called for.

REGIONAL SALES MANAGERS — BOMBAY/BANGALORE — Attractive Salary

The selected candidates will be responsible for leading a team of professionals in achieving budgeted targets in terms of sales and market penetration.

Candidates should be graduates with around 5/7 years experience in the sale of microprocessor-based high value systems, preferably computers. A target oriented individual with strong leadership abilities would be ideal.

MARKETING EXECUTIVES — Rs. 3,000/- p.m. +

Candidates with initiative and drive to achieve ambitious sales targets in a highly competitive environment would be required. Applicants should be graduates with around 3/5 years of relevant experience in the sale of microprocessor-based systems, preferably computers.

The company offers a congenial working environment, opportunities for rapid growth and an attractive package of salary, perquisites and incentives.

Please apply to :

Senior Manager — HRD,
The National Radio & Electronics Co. Ltd.,
Mahakali Caves Road, Andheri (East), Bombay 400 093.

Enterprise Pers 01

NFCL

Nagarjuna Fertilizers and Chemicals Limited

Nagarjuna Fertilizers and Chemicals Limited is the new flagship company of the well-known Nagarjuna Group, a leading fast-growing corporate conglomerate with diversified activities in the steel, chemical, fertilizer and finance industries. NFCL is now implementing the prestigious Rs. 635-crore fertilizer project based at Kakinada for producing 900/1350 TPD of Ammonia/Urea. The Company is now seeking outstanding managerial talent for its Marketing Division for the position of :

GENERAL MANAGER

PLANNING DEVELOPMENT & MARKETING SERVICES

Hyderabad **Excellent Terms**

The incumbent will report to the Executive Vice President (Marketing). He will participate in the framing of marketing and development policies, strategies and programmes and preparation of budgets. He will be responsible for formulation of aggressive and innovative promotional and development programmes and their implementation, planning and organising training of field staff and farmers/dealers, besides developing advertisement and sales promotion programmes.

The position calls for a high conceptual ability and creative thinking. Excellent communication and inter-personal skills are required. Experience in operations is essential.

Applicants should have post-graduate qualifications in management from a reputed institution with specialisation in marketing and about 15 years' experience in marketing operations, development and planning. Experience need not be necessarily in fertilizers. Candidates of outstanding ability from pharmaceuticals, agro-products, tea and similar industries will qualify for consideration. Preferred age around 40 years.

The remuneration package is excellent, comparable to the best in the industry.

Please apply in confidence, with a detailed resume, within 15 days, to :

Chairman,
Apex Management Consulting Group Private Limited
C-1, Ram Square, 2, Village Road, Madras 600 034.
Telephone : 474348.

Imageads 2621

VINYL CHEMICALS (INDIA) LTD.

Vinyl Chemicals (India) Ltd. is a new Public Limited Company promoted by "Parekh Group" to manufacture Vinyl Acetate Monomer at Mahad in Raigad District, Maharashtra, in technical collaboration with a large well known Multinational Company. The group is progressive and expanding rapidly having turnover exceeding Rs. 70 crores and manufactures CONSUMER PRODUCTS, FEVICOL ADHESIVES, SYNTHETIC RESINS, PIGMENTS, DYES & CHEMICALS.

We require the following personnel for our new project at Mahad in Raigad District, Maharashtra.

GENERAL MANAGER
(WORKS)

Salary Negotiable + Car
+ Driver + Perks

THE JOB
The incumbent will be initially required to co-ordinate the activities for the successful implementation of the project and thereafter assume overall responsibility for the entire operation and management of all activities at the plant including production, maintenance, safety, process improvement, technology upgradation, personnel and other administrative matters. He will be required to organise his efforts to build and lead a team of senior staff in each functional area.

Ability to function independently, maintain harmonious industrial relations and provide leadership to a team of experienced Managers are essential pre-requisites.

This is a senior management position reporting to the Managing Director. The selected candidate will be sent abroad for training.

QUALIFICATIONS & EXPERIENCE
Candidates should have a degree in a Chemical Engineering preferably with post graduate qualifications in management and minimum 15 years experience in related areas out of which atleast 5 years must be a senior level in a refinery/petrochemical plant.

AGE
Around 40 years

LOCATION
Based at plant site which is about 200 km south of Bombay.

MANAGER
(MAINTENANCE & SERVICES)

Salary Negotiable
+ Car + Perks

THE JOB
He will be responsible for erection and successful commissioning of the plant and utilities during the project implementation stage and thereafter assume overall responsibility for its maintenance and operation.

The position reports to the General Managers (Works). The selected candidate may be sent abroad for training.

QUALIFICATIONS & EXPERIENCE
Candidates should have a degree in Mechanical Engineering with minimum 15 years relevant experience in maintenance and operations of plant and utilities in a refinery/petrochemical plant. Some experience in project construction/erection is also desirable.

AGE
Around 40 years

LOCATION
Based at plant site which is about 200 km south of Bombay.

Free accommodation will be provided at the plant site for both the positions.
Please apply with full details such as age, qualifications, experience, indicating the position applied for to:

The Director
VINYL CHEMICALS (INDIA) LIMITED
Regent Chembers, 7th Floor,
Nariman Point, Bombay 400 021.

A MEMBER OF PAREKH GROUP OF COMPANIES

CATALYST/VCIL A 0188S

A LARGE AND REPUTED BUSINESS HOUSE WITH A PROGRESSIVE MANAGEMENT PHILOSOPHY IS LOOKING FOR SENIOR AND MIDDLE MANAGEMENT PERSONNEL WITH INITIATIVE, DRIVE AND LEADERSHIP ABILITY. THE REQUIREMENTS ARE FOR AN EXPANDING ENGINEERING WORKS OF THE GROUP LOCATED IN THE OUTSKIRTS OF CALCUTTA:

1. MANAGER - WORKS

A matured Mechanical Engineer well experienced in all aspects of rivetted and welded mass fabricated structures.

Experience: Minimum 15 years in a medium/large engineering factory and capable of taking independent charge of all production shops and related departments.

Preferable age: Around 40 years

2. MANAGER - MAINTENANCE

Graduate in Mechanical Engineering.

Experience: Minimum 15 years of in-depth technical knowledge and hands-on experience in maintenance and overhauling of general machine tools, cranes, compressors, fabrication equipments such as hydraulic presses, horizontal/vertical borers, machining centres, welding machines, etc.

Preferable age: Around 45 years

An attractive compensation package is envisaged for the right candidates. Please apply in strict confidence within 10 days to Box.AA/274/CH/2, Business India, 'Krishna Villa', 100 Park Street, Calcutta - 700 017 and mark the envelope and enclosures with respective job titles.

ABC s major specialisations include • Corporate Consultancy • SWOT Analysis • MIS • Operations Research • Industrial Engineering • Systems & Procedures • Organised Cost Reduction • Computer Feasibility • Data Processing • Materials Management • Project Reports • Systems & Procedures • Software Packages • Socio-Economic Studies

THE PERFECT SEAL DURAMETALLIC

BS&B SAFETY SYSTEMS

MOORCO

TUFLIN

ASCO

Mechanical Seals, Rupture Discs, Industrial Valves, Metering Systems, Safety Relief Valves, Solenoid Valves

Our client is a professionally managed Group of joint venture companies manufacturing & marketing a range of sophisticated engineering products in collaboration with renowned American companies viz. **Durametallic Corporation, B S & B Safety Systems Inc., Xomox Corporation, Moorco-Smith, Moorco-Crosby and Automatic Switch Company** who are world leaders in their product lines. The Group has an excellent track record with ambitious plans for expansion as well as diversification into other hi-tech projects. To strengthen the marketing organisation and retain their leadership position in the country, they are on the lookout for senior and high calibre marketing professionals to head Northern/Eastern regions.

REGIONAL MANAGERS

DELHI/CALCUTTA

EXCELLENT TERMS

The positions are in the Senior Management cadre and the incumbents will have complete accountability for achievements in their respective regions. They will lead and motivate a team of professionals and responsibilities will include planning, monitoring, optimising sales operations, providing an integrated thrust to effectively position the products in the regions and achieve challenging targets.

Candidates should be Engineering Graduates in Instrumentation/Chemical/Mechanical/ Electrical preferably with Management qualifications. Should have 12–15 years experience in sales/marketing of industrial products in reputed companies with a strong customer orientation catering to segments such as power plants, chemical, process and petroleum industries. Excellent managerial and marketing skills essential. Age Group: 35–40.

The compensation package besides an attractive salary will include other liberal perquisites comparable with the best in the industry. The company offers excellent working environment and opportunities for professional enrichment & growth.

Apply within ten days with detailed bio-data marking envelope & application with job title & code RMX/MDS/1507. ALL APPLICATIONS WILL BE TREATED IN STRICT CONFIDENCE.

Personnel Selection Division

ABC CONSULTANTS PRIVATE LIMITED

4, Jagannathan Street, Madras 600 034. Tel. 470778

The Amrit Banaspati Company Ltd. In 1940 we began as a modest Vanaspati plant with an output of 25 tons per day. Today we are a 200-crore company. A leading manufacturer of edible oils in the country. And among the largest in terms of both quantity and range.

Producing two popular brands — Gagan Vanaspati and Ginni Refined Groundnut Oil, as also a host of other brands like Sunehri Teer, Ginni Refined Cottonseed Oil and Soyalite Soyabean Oil — edible oils that have cornered the market and established Amrit Banaspati as a leading manufacturer of cooking media.

The first ever agro-based mini paper unit was also put up by us and has grown into one of the largest mini paper plants in the country.

The Amrit Agro Industries Limited is a sister concern. A company that launched the extremely popular 'Uncle Chipps' potato wafers — a potato wafer that today stands at par with the market leader!

Today the time is ripe for further expansion. And Amrit Banaspati Company is diversifying its interests. Expanding into the manufacture of Protein Foods and Beverages, with the establishment of a new company in Ghaziabad.

A bold new enterprise of the multi-crore Amrit Banaspati Company. With a planned annual turnover of 25 crores, within the next three years.

AMRIT
PROTEIN FOODS LIMITED

For the manufacture of innovative protein food products and beverages, we require:

COMMERCIAL MANAGER:

Candidates must be qualified CA/MBA s with at least ten years experience in a reputed organisation. They will be responsible for commercial, administrative, accounts, and M.I.S. functions, and should possess sound knowledge and experience of the same.
Age: Around 35 years.

REGIONAL MANAGERS:

Candidates should preferably be branch managers, operating in a highly competitive food products market, with proven track records and new-product-launch experience. They should be MBA s with six years relevant experience.
Age: Around 30 years.

PRODUCT MANAGERS:

Ideally, candidates should be product executives operating in a highly competitive food products market. They should be MBA s from premier institutes, with two years relevant experience.
Age: Around 25 years.

AREA SALES MANAGERS:

Candidates must be sales officers in a highly competitive food products market with proven track records and new-product-launch experience. They should be MBA s with 4 years relevant experience.
Age: Around 27 years.

COMPANY SECRETARY:

Candidates must be qualified A.C.S's with a minimum of three years work experience; and will be responsible for all secretarial; legal and company law matters.
Age: Around 28 years.

SENIOR EXECUTIVE — PERSONNEL:

Candidates should preferably be law graduates with a post-graduate diploma in Personnel Management or Industrial Relations; or M.S.W. s with five years experience. They will be responsible for all personnel/labour matters, security, establishment and liaisoning.

MATERIALS EXECUTIVE:

Candidates should have five years experience in a reputed organisation with complete knowledge of import procedures and materials management. And suitable qualifications.
Age: Around 30 years.

ACCOUNTS OFFICER:

Candidates should be post-graduates in commerce with a minimum of five years experience in maintaining account books and finalising balance sheets. Candidates with knowledge of computerised accounting will be preferred.
Age: Around 30 years.

HTA 6117

All emoluments will be in keeping with the candidate's experience and qualifications. Please apply within 10 days, along with a detailed bio-data, to:

The Managing Director,
Amrit Protein Foods Limited,
Amrit Nagar, G.T.Road, Ghaziabad-201 009 (U.P.)

Hundreds and thousands of sunflowers stretch out into the horizon in Kurnool, near Hyderabad. Standing amidst a crop as high as himself, Raghuram Reddy is inspecting the plants. The sunflower heads are nearly filled with seeds and soon it will be time for the harvest. This has been a truly wonderful season: Raghuram has discovered that growing sunflowers is easy and profitable.

The crop does not depend on the monsoon. Nor does it require large quantities of expensive fertilisers and pesticides. Reassured by the promise of a rich harvest, Raghuram has made up his mind to plant sunflowers on most of his 18-acre land. The hopes of a brighter future for his wife and their two-year old son now soar high. And his thoughts go back to that day, almost a year ago, when ITC came to his help...

Raghuram Reddy of Kurnool. Every time the rains failed, the sight of his barren fields brought tears to his eyes.

Until ITC's Seeds Unit helped him reap a golden harvest.

Research : transferring technology from tobacco to oilseeds

For close to eight decades, ITC has provided the tobacco farmer with improved varieties of seeds, better fertilisers and effective pesticides. As part of a national programme to bridge the gap between supply and demand of oilseeds, ITC's Seeds Unit is transferring technology to this sector.

ITC's research centres are conducting field trials in Andhra Pradesh and Gujarat. Hybrid and high-yielding varieties of sunflower, safflower, cotton and castor are being successfully developed. These plants are rich in oilseeds and will increase farmers' yields several-fold; their produce will also be bought by ITC. This latest diversification is expected to benefit over 10,000 farmers.

ITC's marketing experience and extensive distribution network will help bring edible oils to consumers across the country. The Company will also support the establishment of oil-processing complexes in backward areas, thereby creating substantial employment opportunities.

Vhere else is ITC working for India and its people?

ndian Classical Music: At the Sangeet Research Academy in Calcutta, tradition narried to technology keeps alive the *guru-sishya parampara.* Through angeet Sammelans around the country, ITC is rekindling interest in classical nusic.

Cottage-sector Craftsmanship: ITC set up Triveni Handlooms to preserve the raditional craft of Shahjahanpur's weavers. Looms, raw materials, technical nowhow are provided; today 2500 weavers are gainfully employed, their arpets exported by ITC.

Family Health and Welfare: With the distribution of millions of Nirodh ontraceptives through a far-flung marketing network, ITC helps educate rural olk about the advantages of a small, well-spaced family.

I.T.C. Limited

New horizons, new hopes.

Contract ITC 92 88 B

DALMIA AROMATICS LIMITED

SENIOR MANAGEMENT PROFESSIONALS

NAPTHALENE PROJECT

DALMIA AROMATICS LIMITED has been promoted by DALMIAS, a multi-crore diversified industrial house, in collaboration with the world renowned UNIVERSAL OIL PRODUCTS (UOP), U.S.A. who have an unsurpassed record of having designed more than 5000 process units throughout the world. We plan to bring to India for the first time UOP's sophisticated process technology and their vast engineering expertise in modular designing for building the napthalene plant in BONGAIGAON, ASSAM, being set-up at a cost of around 50 crores.

DEPUTY GENERAL MANAGER – DELHI

This is a senior techno-commercial position and he will be responsible for facilitating technology transfer and ensuring effective project implementation. Additionally he will be accountable for collaborator interface, procurement, vendor development and contract negotiations. He will also assist in the preparation of feasibility reports and various applications to the financial institutions.

Applicants should be Chemical/Mechanical Engineers, preferably with an MBA and have over 12 years of project related experience of which atleast 3 years should be in a managerial capacity. Minimum 5 years experience in the chemical/petrochemical industry is mandatory. He must have good negotiating and human relation skills. Preferred age below 40 years.

PROJECT MANAGER – DELHI

He will independently handle assignments in any of the above defined areas. Reporting to the DGM, he will provide an effective back-up to him in the efficient discharge of his functions.

Applicants should be Chemical/Mechanical Engineers with over 8 years of project related experience, of which atleast 3 years should be in a responsible capacity. Minimum 3 years of experience in the chemical/petrochemical industry is essential. Preferred age below 35 years.

PROJECT MANAGER (WORKS) – ASSAM

He will be responsible for site preparation, plant erection and commissioning; liaision with Assam Government/other statutory agencies. He should be able to handle technical problems, assist in product development and identification of new products; be fully conversant with the operating/maintenance requirements of a modern chemical/petrochemical plant.

Applicants should be Chemical/Mechanical Engineers with over 10 years of experience in Works/Projects area with atleast 3 years in a responsible independent capacity. Minimum 3 years of experience in the chemical/petrochemical industry is necessary. Knowledge of Assamese is a must. Preferred age below 40 years.

SELECTED INCUMBENTS WILL UNDERGO ORIENTATION TRAINING AT UOP, U.S.A.

The Company believes that human resources are its greatest asset and offers excellent career advancement opportunities to the highest levels in Technical, General Management and Project Management areas. The compensation package is designed to attract the best available talent in the industry.

Please apply within 7 days with a detailed resumé, superscribing the position title on the application and envelope, to :

The General Manager
Dalmia Aromatics Limited
L-12, South Extension Part-II
NEW DELHI-110 049

NFCL

Nagarjuna Fertilizers and Chemicals Limited

Nagarjuna Fertilizers and Chemicals Limited is the new flagship company of the well known Nagarjuna Group, a leading fast growing corporate conglomorate with diversified activities in the steel, chemical, fertiliser and finance industries. NFCL is now implementing the prestigious Rs.635 crore fertiliser project based at Kakinada for producing 900/1350 TPD of Ammonia/Urea. The Company is now seeking outstanding managerial talent for their Finance Division for the positions of:

MANAGERS/ DEPUTY GENERAL MANAGERS

Finance

Hyderabad **Excellent Terms**

The positions involve responsibilities for administration of activities in the finance functions and providing assistance in the policy formulation exercises in related areas at the corporate level, for specific functions viz. Finance, Costing & Budgetting, MIS & Systems etc. Experience in dealing with banks and financial institutions is essential.

INTERNAL AUDITOR

Hyderabad **Excellent Terms**

This is a key position in the senior management cadre at the corporate office. The audit function will cover the entire gamut of operations in manufacturing, marketing and services. Essentially the job will cover all aspects of operations audit with emphasis on purchase, inventory levels, cash management, credit control etc.

Candidates should be qualified Accountants/MBA's (Finance) with about 12 years experience in industry including atleast 5 years in managerial level.

High level of integrity and maturity together with interpersonal skills and ability to interact with top management essential. Accent will be on high professional competence, analytical ability and strong commercial sense.

The remuneration package is excellent, comparable to the best in the industry.

Please apply in confidence with a detailed resume within 15 days to :

Chairman,
Apex Management Consulting Group Private Limited,
C-1, Rams Square, 2, Village Road, MADRAS – 600 034. Telephone : 474348

amcon

PROFAD APEX 199.88

Solidaire

If you're looking for a growing career here's a Company that has grown from Rs. 70 lakh to Rs. 70 crore. In just 10 years!

Solidaire. It has an enviable track record achieved through growth-oriented policies and highly professional management approach.

In keeping with its aggressive growth policies Solidaire is now diversifying into allied hi-growth areas like Electronic Tuners, and a wide range of electronic Components. For these purposes, factories are coming up at places like Madras, Bangalore and Hyderabad.

And Solidaire has a work culture, that lays emphasis on human aspects of management. So, come, be a part of this most progressive culture to grow further.

1. **Development Engineers**
2. **Quality Control Engineers**
3. **Instrumentation Engineers**
4. **Production Engineers** (Electronics)
5. **Graduate Engineer Trainees** (Electronics)
6. **Mechanical Engineers** (Maintenance)
7. **Production Engineers** (Mechanical)

Qualification :

For posts 1 to 4, Degree in Electronics with 2 years experience or Diploma in Electronics with 6 years experience preferably in Digital Technology / Computer Hardware in relevant field of Production, Quality Control, Development and Instrumentation in a Company manufacturing Colour / B&W TV sets.

For posts 6 & 7, Degree in Mechanical Engineering with at least 2 years similar experience with reputed companies.

Please apply in strict confidence, superscribing on the envelope the post applied for, within 10 days to :

Solidaire
10
A DECADE IN
CONSUMER ELECTRONICS

The Asst. Manager (Personnel)
HI-Beam Electronics Limited
12, 1 Main Road, Gandhi Nagar,
Adyar, Madras 600 020.

ight DE-746

SENIOR CREDIT OFFICERS

FOR A MAJOR ARAB BANK

IN BAHRAIN

Worldlink Finance Limited has been retained to assist in the selection of 2 Senior Credit Officers in the Corporate Lending Operations of a prestigious Arab banking institution based in Bahrain.

The candidates aged between 30 to 35 years should preferably be MBA's from IIM, Ahmedabad or Calcutta or post graduates in Commerce or Economics from a well reputed Indian or Foreign University with at least 5 years prior lending experience in a major International or American Bank. The candidates should possess sound credit judgement, strong marketing skills and be able to deliver desired results in a demanding environment. The job requires a high degree of creativity, initiative and ability to work under pressure. Deserving candidates are likely to find the challenge exciting and rewarding. A pleasant personality and an ability to get along with people will be considered a positive strength.

The successful candidates will be posted in Bahrain with family status on a two year contract renewable for additional two years on mutually acceptable terms. Compensation package will include tax free basic salary of a minimum of Rs. 40,000/- per month, fully furnished accommodation, annual air passage for family, medical assistance, gratuity and bonus as applicable from time to time.

Apply in strict confidence within 10 days with detailed resume and a recent photograph to:

Ms. Abha Kapoor
Vice-President
Worldlink Finance Limited
151, Maker Chambers III, Nariman Point,
Bombay - 400 021

WORLD LINK FINANCE LIMITED
Placement Division

CEMENT PERSONNEL FOR SAUDI ARABIA

We have been retained by a leading cement company in Saudi Arabia to locate 3 key personnel for their 1.5 million tpa dry process plant incorporating 5 long dry kilns, X-ray analysers and computer control systems to produce ordinary portland cement and other special cements including oil well cement.

PLANT MAINTENANCE ENGINEER

Reporting to Engineering Manager and responsible for organising and implementing the planned maintenance programme for all mechancial plant facilities, guidance and supervision of running and shut down maintenance, overhaul and rebuilding of existing plant including modifications and improvements. Supervises a work-force of about 100 including foremen, chargehands, fitters, welders, vulcanizers, mechanics, pipe fitters, lubricators and craftsmen helpers.

Should have a Degree in Mechanical Engineering with minimum 10 years related experience of mechanical maintenance in a large cement plant. Should have good knowledge about various types of lubricants, routine maintenance and rebuild procedures for cement plant equipment.

MAINTENANCE ENGINEER

Reporting to Engineering Manager and responsible for planning and implementing regular periodic inspection of the plant, devising and organising practical planned plant maintenance system, processing work orders, providing essential technical data and information to Engineering Manager maintaining machine inventory and related maintenance records and supervising the work of Section Inspectors, Draughtsmen and office staff.

Should have a Degree in Mechancial Engineering and 7 years related experience in maintenance of an industrial plant. Should have sound grasp of various methods of monitoring and controlling maintenance operations as well as basic elements of a successful maintenance system. Should have excellent technical report writing skill. Knowledge of cement plant maintenance will be desirable.

STORES CONTROLLER

Reporting to Engineering Manager and responsible for the operations of the Stores Section consisting of 33000 stock items with a total value of over Rs. 350 million. Supervises a workforce of about 45 distributed in 7 functional units dealing with monitoring issues; reordering of material; checking of receipts; receiving of material into stock; storage, care, preservation and security of stock; preparing discrepancy reports and issue of material against authorised requisitions.

Should have a Degree in Engineering and/or Post Graduate qualification in Business Administration with minimum 10 years related experience in an industrial firm of medium/large size. Should have good written communication skills.

GENERAL

- Good knowledge of English is essential
- Maximum age limit is 45 years
- Initial contract for two years, extendable by mutual consent
- Attractive salary and fringe benefits

Please apply within 10 days with complete bio-data and photograph to:

HOLTEC ENGINEERS PRIVATE LIMITED
Corporate Centre, 201/202 Ashok Hotel,
Chanakyapuri, New Delhi 110021

Consultants to Cement and Other Mineral Based Industries

imfa GROUP

INDIAN METALS & FERRO ALLOYS LTD

ICCL

INDIAN CHARGE CHROME LTD

BHUBANESWAR-751010, ORISSA

Big challenges. Great opportunities. Come, join the fast track.

THE COMPANY

The IMFA Group, a major ferro alloys producer in Asia, has been rated the second-fastest growing industrial group among the top 50 in the country. The Group, with an investment of over Rs.250 crores, has large manufacturing facilities in the state of Orissa, including two advanced 100% export oriented units, to produce strategic ferro alloys like Silicon Metal, Ferro Silicon and Charge Chrome to cater to the domestic and international markets. It also has one of the largest captive power sources in the private sector—a sophisticated, 108 MW Thermal Power Plant with state-of-the-art Swedish Technology.

THE PROSPECT

The Group requires well qualified, dynamic young professionals as "Management Trainees". After induction, training and job rotation, they are expected to rapidly rise in the management hierarchy to assume senior positions at a young age.

Must be a "self-starter", able to grapple with complex problems and take independent responsibilities. They shall work in a highly competitive environment with demanding targets, alongwith a group of strongly committed frontline professionals.

The compensation package will be among the best in the industry.

THE CANDIDATE

Education: Engineers, Chartered Accountants, MBAs with excellent academic records from premier national institutions.

Experience: Zero to three years.

Please apply within 15 days with complete resume to:
Vice President (Corporate Affairs)
Indian Metals & Ferro Alloys Limited
Bomikhal, P.O. Rasulgarh, Bhubaneswar 751 010.

BLUE STAR CALLING !

Blue Star is a multi-division, high technology Company, with a turnover of Rs 150 crores. The Company is engaged in the manufacture of Electronic EPABX and Analytical Instruments and is poised for substantial growth in the next 3 years. Plans include manufacture of advanced electronic telecommunication systems.

Blue Star offers challenging opportunities in a congenial work environment. If you are a result-oriented, dynamic professional, you are sure to benefit in your association with us.

The jobs are based at Blue Star's modern electronics manufacturing plant at Gandhinagar, Gujarat (25 km from Ahmedabad).

MANAGER QUALITY ASSURANCE

Post-graduate in Electronics with 5—8 years' experience in Telecommunications/Instrumentation manufacturing, of which at least 2 years' should have been in a managerial capacity.

MANAGER ACCOUNTS

ACA/AICWA/MBA (FINANCE) with 5—8 years' experience in Finance. Knowledge of relevant laws and procedures is essential. Will be responsible for setting up computerised accounting and costing systems. MIS and working capital management.

MANAGER ASSEMBLY & BOARD TEST

BE in Electronics/Telecommunications with 5—8 years' experience in Board Test, Circuit Test, Board Assembly, Component Preforming, Insertion and Wave Soldering.

BLUE STAR

ASSISTANT MANAGER SOFTWARE DEVELOPMENT

M Tech/B Tech in Electronics/Telecommuni-
tions with 5 years' experience in micro-
ocessor Z80, Intel-8086 systems and AMD
00 family. Work experience with MDS, logic
alysers, machine assembly and higher
guages, preferred.

EXECUTIVE INVENTORY CONTROL

BE in Electronics/Mechanical Engineering
th 3—5 years' experience in Materials
anagement preferably in the electronics
dustry. Knowledge of computers is essential.

The compensation package is compara-
e to the best offered by the industry.

If you are the person we are looking for,
ndly mail your resume and photograph,
thin 15 days to: The Manager-Personnel
Administration, BLUE STAR LIMITED,
8, K Road, GIDC Electronics Estate,
andhinagar 382 016

Superscribe position applied for.

MODI XEROX

Modi Xerox requires for its "Special Business Division"

BUSINESS DEVELOPMENT MANAGER to identify, evaluate and recommend new business opportunities. The incumbent would be responsible for the development and implementation of new proposals, including the formulation of Marketing plans for new products.

An engineer with an MBA Degree from a premier institute, the candidate should be 27-30 years, with 6 years overall experience in sales and marketing and should have functioned for atleast 2 years as a Product Manager in a high-tech company.

A sound knowledge of Government policies related to electronics would be desirable.

Modi Xerox offers a challenging and professionally stimulating atmosphere with ample scope for career growth, alongwith a compensation package that matches the best in the industry. With a market share today of 40% and a sales turnover of 80 crores, Modi Xerox are the market leaders in the copier industry and poised for rapid growth in years to come.

Please apply in confidence, within 7 days, superscribing the envelope with 'SBD' to:

The Personnel Manger
Business Operations
MODI XEROX LIMITED
33, Community Centre
New Friends Colony
New Delhi – 110 065

Gits®
FOOD PRODUCTS

Gits the pioneers of instant foods in India. is poised for a quantum leap in all round growth. The implementation of this growth plan is directed towards maintaining the market leadership of the brand, and expanding the market, in step with the unprecedented boom in the food industry. To competently meet the exciting challenge of this growth plan, Gits requires:

ALL INDIA SALES MANAGER

The applicant should have held a similar position, or that of a regional/zonal sales manager in a reputed company, for at least 6 years.

He would be responsible for the expansion of the existing distribution network, training and development of sales staff, achieving targets and creating a motivating environment for sustained growth of the organisation.

Needless to mention, that these job responsibilities will entail frequent and extensive travelling all over the country

The compensation package is negotiable, and will be comparable to the best offered in the industry.

This is a senior management position, the selected incumbent will report directly to the Managing Director

REGIONAL SALES MANAGERS

The applicants should have similar experience or that of a senior sales executive in a well established company, of 4 to 5 years.

He must have extensive field exposure, with thorough knowledge of the region/zone of operation

Job responsibilities include managing day to day field operations, monitoring and improving efficiency of salesmen, and achieving regional targets.

Remuneration offered will be commensurate with qualifications and experience.

The selected incumbents will report to the All India Sales Manager

Please send your complete resume in strict confidence. within 10 days to

Mr. R. Gilani — Director
GITS FOOD PRODUCTS (INDIA)
404/405 Balrama Building
Bandra-Kurla Complex
Behind Drive-in Theatre
Bandra (E), Bombay-400 051

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emami & Himani

WANT FOR CALCUTTA

Chief Advertising Manager

Rs 1 lakh p.a. + perks

Wanted a senior level agency executive, who, with 5-7 years of experience in servicing consumer product accounts, will be at the helm of the Advertising Department, managing a Rs 2 crore budget and a portfolio of over a dozen consumer brands which are household names today. Only Bachelor's Degree holders of 35-40 years with creativity and business acumen need apply.

Deputy Advertising Manager

Rs 50,000—Rs 60,000 + perks

Wanted agency man with 5 years of experience in consumer products, who will assist and report to the Chief Advertising Manager. A graduate of about 30 looking for a challenging job, would fit the bill.

Please apply in confidence within 15 days giving full particulars and superscribing the position applied for to:

The Chief Executive
Kemco Chemicals
18 R N Mukherjee Road
Calcutta 700 001

TECHNICAL SERVICES MANAGER
CEMENT INDUSTRY

A well known and professionally managed Industrial group having a turnover exceeding Rs. 150 crores wishes to recruit a Technical Services Manager for its Cement Plant located in South India.

The incumbent will report to the General Manager and will be responsible for streamlining technical aspects and systems of the Plant. This is a staff function with responsibility for assisting Manufacturing and allied functions for optimal utilisation of resources. His duties will include Trouble Shooting, Systems Development for production and maintenance, measures for Energy Conservation, Breakdown analysis and Performance Improvement on a continuing basis with a long term view to improve Productivity. He will also supervise all capital expenditure projects of the Plant.

Applicants should have around 10 years related experience in Cement Plants.

The Company offers an attractive emoluments package with liberal perks comparable to the best in the industry/region. Salary will not be a limiting factor for the right candidate.

Placement Division
Om Consultants (India) Pvt. Ltd.,
Post Bag 356, Malleswaram
BANGALORE – 560 003

Applications superscribed with the reference number 'ES-711' giving all relevant details, should be mailed within 10 days to the above address.

ROOM AT THE TOP

The tyre industry in India is a small world. And going up the corporate ladder isn't easy.

You can grow older, just waiting for your turn. Or you can take your break where there's room at the top. At Falcon.

We've got plenty of room for growth, with all the freedom to make your own decisions.

But it's not going to be as simple as sitting down and making them. Because Falcon is on its biggest expansion plans ever.

You've got to think big and achieve bigger. And we promise you it's one challenge you'll be glad you took by the seat of your pants.

Right now we have openings at the Senior Level :

- **SALES & MARKETING**
- **TECHNICAL & ENGINEERING**
- **PRODUCTION**
- **FINANCE & ACCOUNTS**

What we have in mind is around 15 years of experience in the tyre industry with the associate qualifications for specific job areas.

★ **Sales & Marketing** : **an MBA is essential**
★ **Technical, Production and Engineering** : **B Tech / M Tech/M Sc. (Rubber Technology)**
★ **Finance and Accounts** : **Chartered Accountants, preferably with an MBA in Financial Management**

You'll find a whole new thrust at Falcon Tyres, with the world's most advanced production program. And a manufacturing line that gives "Design" a whole new dimension.

At Falcon, the blue-print for growth has a dynamic perspective: a quantum leap in turnover — from 15 crores to 250 crores in four to five years.

If you're looking at this ad with a glint of challenge in your eye, we'll give you everything you're looking for. And the rewards that go with it.

Send us your response, within 10 days, addressed to

The President
Falcon Tyres
'Le Parc Richemonde'
51, Richmond Road
Bangalore - 560 025

(Please superscribe the envelope with the position applied for)

FALCON TYRES

Oil Country Tubular Ltd.

Oil Country Tubular Limited (OCTL) is a multi crore hightech venture to manufacture the complete range of oil exploration, drilling and production tubulars in one integrated facility. In addition, OCTL will offer specialised services like NDT Inspection, Coating, Pipe laying, etc. The plant is the first of its kind in India, set up in Technical and Financial Collaboration with Baker Hughes Tubular Services, Inc., USA. The project coming up at Narketpally, Nalgonda District, Andhra Pradesh requires:-for their Corporate Office at Hyderabad:

GENERAL MANAGER (FINANCE)

The incumbent shall be a Chartered Accountant and Cost Accountant with relevant track record of not less than 12 years in an organisation of repute.

The incumbent shall be responsible for dealing with financial institutions and banks at high level. He should be capable of preparing budget, product costing, cashflow data and all financial matters to be put up to the Board. He should have proven ability to deal with national and international institutions for management of funds and should have full knowledge of FERA, MRTP, Export and Import Statutory requirements and other Corporate Laws.

Salary and perks are negotiable.

A service bond of three years is required to be executed. Suitable candidates can expect rewarding future with the Company.

Please apply in strict confidence with full Bio-data including particulars of experience and present emoluments in a Quarto size paper within 10 days from the date of publication of this advertisement with the name of the post applied for superscribed on the envelope to:

The Director,
(Technical & Management Services)
Oil Country Tubular Limited,
108, Kanchenjunga King Kothi Road,
HYDERABAD-500 001.

GENERAL MANAGER
CEMENT INDUSTRY

A well established and professionally managed company which forms part of a multi-product, multi-unit industrial group with turnover exceeding Rs. 150 crores, wishes to recruit a high calibre professional for its Cement Plant in South India.

The incumbent will report to the Chief Executive and will spearhead all the Manufacturing Operations of the plant, from mining to despatch including production, maintenance, materials and quality control. He will plan and organise for efficient utilisation of resources and coordinate all activities for smooth and efficient running of the unit. He will be responsible for achieving set targets, laying equal emphasis on quantity and quality.

M.S.S. Varadan
Om Consultants (India) Pvt. Ltd.,
Post Bag 356, Malleswaram,
BANGALORE – 560 003

Candidates should have a minimum of 10 years of relevant experience in the Cement Industry. They should be dynamic and result oriented with proven man management skills. Prior exposure to all aspects of Factory Management is essential.

The Company offers an attractive emoluments package with liberal perks comparable to the best in the industry/region. Salary will not be a limiting factor for the right candidate.

Applications superscribed with the reference number 'ES-710' giving all relevant details, should be mailed within 10 days to the above address.

NEW ERA MEDICARE LTD., JIND (HARYANA)

Plant for disposable syringes & needles

We require the following senior personnel for our unit being set up with European Collaboration :

1- GENERAL MANAGER :

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RPS/RML 25

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MSB 368

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Candidates should be Engineering Graduates preferably in Electrical/Electronics with atleast 7 years relevant experience in a similar electrical industry of repute. Sound technical grasp and marketing capabilities essential. Additional exposure to Industrial Electronics will be an asset. Age: 32–35.

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- an excellent communicator, fluent in English

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AA/274/LM/3 **Business India,** 7/2 Nungambakkam High Road, Madras 600 034.

"We would be satisfied with minority shareholding..."

Y. Iwai, *managing director of Orient Leasing, Tokyo, the world's largest leasing company (leased assets: US $20 billion), spoke to Basudev Dass while on a visit to Bombay some time ago*

Leasing has proved to be durable in character and has very quickly become the alternative source of finance that industry in the developed countries sought. How did leasing in Japan evolve?
Leasing started in Japan in 1963 when Japanese economic growth was rapid. Industry is constantly looking for funds to replace old equipment with new ones. With economic growth, the need for funds increases. There is need to ammortise costs and replace equipment, to remain competitive. Typically lease finance is used in the developing stage of industry. Mature industries provide almost no scope for lease finance. A good example is the steel industry where the technology has gone as far as it can go. Hence the scope for lease finance is limited.

Major items for leasing are computers and office equipment and retail equipment such as cash registers, medical equipment. Here obsolescence is very fast. So lease finance was a good avenue for changing over to new equipment.

Leasing companies in India have been stifled for lack of funds from banks and financial institutions. What is the experience in Japan?
In Japan as in other developed countries, most leasing companies are subsidiaries of banks, or joint ventures with financial institutions. That is how they have evolved. Even today 50 per cent of the leasing companies are bank-owned or affiliated to financial institutions. Banks have been a very important source of funds. The institutions along with banks are permitted to give lease finance themselves but that has not deterred them from participating in the growth of the independent leasing industries.

Leasing companies in Japan have grown to depend on banks which today are the main source of funds. The average cost of funds is 4-5 per cent which is no different from the cost of funds to the manufacturing sector. But yes, there is a ceiling on bank lending to any single leasing company; the limit is specified as a certain percentage of the bank's total assets. The big ticket leasing companies such as Orient Leasing also tap funds from insurance companies and euro-currency markets. It is not uncommon for leasing companies to issue bonds and float commercial paper.

What was the government's position as lease finance grew popular with industry?
In the early stages, as the need for lease finance grew, the government did not give any assistance. It was later on that the government noticed the importance of leasing. The MITI (ministry of internal trade and industry) which regulates the Japanese leasing industry (and not the ministry of finance) is sympathetic to industry. Whenever we have a conflict with the monetary policy of government or differences with the tax authorities, the MOF and MITI are known to take up for us.

The equity market in India contributed significantly to the growth of leasing companies here. Have leasing companies in Japan exploited the equity route in good measure?
In Japan it is not easy for any company to go to the public to raise money. There are many restrictions. Public issues must be approved by the ministry of finance and the Securities Exchange Commission. I don't know exactly what the restrictions are eg, the firm that goes for an equity issue should have shown a profit for the last three years. But the fact is the pre-qualifications for a public issue are very tight. Of the 300 leasing companies, only 74 are limited companies. Equity financing is increasing but bank loans are by far more important to growth.

Have you explored the possibility of setting up a leasing company in India?
On my last trip to India, I visited some leasing companies and banks. We found that it was not easy for leasing companies to come here because of government controls. We would be satisfied with minority shareholding although we would like it to be as high as possible. We would also like to participate in the management of a joint venture. A key factor would be the partner. What is important to us is that both must share a common philosophy of management. For example we know we are aggressive as a group and therefore a joint venture with a partner who is conservative may not work out. Also we would like an environment where there is an established financial accounting system and a legal framework within which to work. We set up a joint venture in neighbouring Pakistan in August 1986 with 40 per cent equity. A potential exists in that country provided the company is managed well.

With exploding growth rates in the Japanese economy, is leasing a highly profitable business?
In Japan, the leasing business can be done by anybody. So competition is very keen. The money market in Japan is not tight — almost anybody can go to banks and get loans. As the growth of the leasing business has been slowing we have had to diversify into hire purchase, housing loans, mortgage finance, corporate finance. We started diversifying soon after going into business. Our policy is as follows: after accumulating know-how in one area of financing we move on to the next related area.

In this business the spread is very thin — between 1 and 2 per cent. As a result our retained earnings are very low. So we depend on high leverage. There is no limit on borrowings. The debt/equity ratio does not exist as far as the Japanese government is concerned. We don't think Orient Leasing enjoys a very high leverage — it is only 24-25 times the equity. For some companies it is even higher. Like most Japanese industries leasing companies like to plough back earnings. While dividend could be about 20 per cent the pay-out ranges between 6 and 7 per cent of net profit. Our defaults are very low, about 0.1 per cent of total advances. This is a matter of experience and management expertise.

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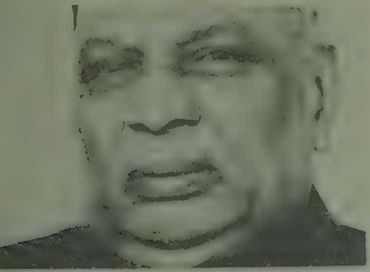
CONTENTS

September 19 – October 2, 1988

UNIT 275
27 SEP 1988
C.F.T.R.I., MYSORE

COVER FEATURE
57 **Pepsi blockaded?**
On the eve of the prime minister's visit to Punjab, the spotlight is once again turned on the Punjab Agro-Voltas-PepsiCo proposal. Even after three years of national debate, there is a strong likelihood that the government will continue to dither about the proposal which seeks to set up a fruit and vegetable processing plant in Punjab. Or will the decision be just about pushed through?
ANOOP SAXENA



45 TALKING TO S.B. CHAVAN
"The BOP position has not gone beyond our control"
S.B. Chavan's task as finance minister is going to be a difficult one, with the mounting internal and external debt problem. He spoke to *Business India.*

71 CORPORATE REPORTS
Gammon India
Takeover gambit
The spurt in the price of Gammon India's shares has fuelled speculation that a takeover bid is on. From all indications there is a rift in the Gammon family which threatens the present management. Its survival depends on its ability to garner sufficient support from within the Gammon family and from the shareholders, among whom are a substantial number of employees of the company
EAPEN THOMAS

77 **Harrisons Malayalam Ltd.**
The Guinness connection
For a company that since 1921 has always managed to ring out each year with resounding profits, Harrisons Malayalam Ltd (HML) has kept a surprisingly low profile. Over the past month, however, the financial press went to town speculating on who was trying to gobble up its foreign-held equity.
K.G. KUMAR

81 **Alind**
Do or die
K.G. KUMAR

85 **DCM**
In dire straits
ALAM SRINIVAS with DILIP CHERIAN

86 **V.G. Paneerdas group**
Chasing Wonderland
SUSHILA RAVINDRANATH

16 BUSINESS NOTES
Air-India,
·Electronics India '88,
Port strike,
Project clearance,
Air fares

35 ECONOMY
Internal debt trap
The hard reality
S.R.K. RAO

41 CENTRE
The bureaucracy begins to murmur
DILIP CHERIAN

43 GOVERNMENT
Heroic leadership
JASWANT SINGH

51 GUEST COLUMN
Defamation Bill, 1988
Proof of insincerity
A.G. NOORANI

INDUSTRY REPORTS
91 **Linear alkyl benzene**
Problems of plenty
DILIP MAITRA

95 **Colour photographic films**
Murky image
N. RADHAKRISHNAN

SPECIAL REPORT
98 **Bank computerisation**
For whose benefit?
KEYA SARKAR

104 STATES
Rajasthan
Wastage, and more wastage
M.P. JAIN

107 SPEAKING OUT
Computers in India
Must users come out second best?
PRAKASH G. HEBALKAR

110 COLUMN
Telco shows the way, but can Rajiv follow?
MOHAN GURUSWAMY

117 MANAGEMENT
Mastering change
An ongoing business challenge
G.A. MIRCHANDANI

121 INTERNATIONAL
US Trade Act
Firm but flexible
VIJAYAN KANNAMPILLY

200 INTERVIEW
Anand Bhadkamkar, development commissioner (industries), government of Maharashtra
BASUDEV DASS

157 Books
16 Business Notes
14 Businessmen in the News
41 Centre
110 Column
1 Contents
123 Corporate Monitor
71 Corporate Reports
57 Cover Feature
149 Deposits
28 Economic Indices
33 Economic Outlook
35 Economy
161 Executive Ladder
6 For Your Information
43 Government
51 Guest Column
91 Industry Reports
121 International
200 Interview
151 Investor Contest
159 Jobwatch
3 Letter from the Publisher
5 Letters to the Editor
9 Listening Post
117 Management
138 Market News
164 National Executive Appointments
137 New Issues
10 News and Events
155 People
153 Professional Profile
162 Reader Service
107 Speaking Out
98 Special Report
104 States
142 Stockmarkets
45 Talking To S.B. Chavan

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1.014	Strategic Planning Comes of Age	—	378
1.061	Leadership Part I	—	283
1.062	Leadership Part II	—	283
1.063	Leadership Part III	—	283
1.141	Boards of Directors Part I	—	310
1.142	Boards of Directors Part II	—	378

PART I B Business Ethics and Strategy

Code No.	Volume title	*HB	**SC
1.043	The Business of Ethics and Business	—	378
1.051	Guides to Corporate Responsibility	—	331
1.132	Public Policy and Private Enterprise	—	378
1.133	Legal Issues in Doing Business	567	378
1.134	Rethinking Business Government Relations	—	378
1.151	Managing Creativity	—	310
1.161	Strategy and Tactics in Mergers	441	331
1.181	From 1980: New Worlds for Business	472	310

PART IC Managing Special Organizations

Code No.	Volume title	*HB	**SC
1.072	Saving Our Health Care System	—	378
1.082	Management of Nonprofit Organizations Part II	367	—
1.091	McKinsey Award Winners	430	310
1.101	Philosophy of Business Part I	430	331
1.102	Philosophy of Business Part II	430	331
1.111	Small Business Part I	430	331
1.112	Small Business Part II	430	331
1.113	Small Business Part III	—	331
1.114	Small Ventures: Tactics & Strategies	494	331
1.115	Trials and Rewards of the Entrepreneur	—	378
1.121	Public Relations	—	283

PART II Organizational Behaviour

PART II A Effective Organizations

Code No.	Volume title	*HB	**SC
2.011	Case Method Part I	—	310
2.012	Case Method Part II	410	310
2.013	Case Method Part III	410	310
2.091	Organizational Development Part I	—	331
2.092	Organizational Development Part II	—	331
2.093	Organizational Development Part III	—	331
2.094	Organizational Development Part IV	—	331
2.151	Developing an Effective Organization Part I	—	362
2.152	Developing an Effective Organization Part II	—	362
2.181	What's the Future of Labour Relations?	430	310

PART IIB Managing Human Resources

Code No.	Volume title	*HB	**SC
2.021	Conflict & Cooperation in Management	—	331
2.022	Dealing with Conflict	—	378
2.023	Coping with the Difficult Employee	—	378
2.052	The Executive Life	—	378
2.061	Human Relations Part I	—	310
2.062	Human Relations Part II	—	310
2.063	Staying on Top of the Job	—	378
2.081	Motivation Part I	—	283
2.082	Motivation Part II	—	283
2.101	Performance Appraisal	—	283
2.121	Renewing the Will to Work	—	310
2.141	Effective Communication	—	331
2.161	Executive Power — Its Use and Misuse	–	283

PART IIC Developing Human Resources

Code No.	Volume title	*HB	**SC
2.031	Executive Compensation Part I	410	—
2.032	Executive Compensation Part II	—	283
2.044	Essentials in Executive Developments	–	378
2.071	Equal Opportunity in Business	430	310
2.111	Personnel Management Part I	—	331
2.112	Personnel Management Part II	—	331
2.113	Personnel Management Part III	—	331
2.131	Training and Developing Executives	—	310
2.171	Employee Rights and Employer Programs	462	310
2.191	When the Executive is a Woman	—	378
2.201	Managing to Save Time	—	378

PART III Managerial Economics: Quantitative Approaches to Decision Making

Code No.	Volume title	*HB	**SC
3.015	Basic Concepts In Quantitative Management	—	378
3.016	A Sampling of Quantitative Methods for Managers	—	378

Part IV Marketing

Code No.	Volume title	*HB	**SC
4.015	Marketing Planning & Strategy Part V	—	310
4.016	Marketing Planning & Strategy Part VI	—	310
4.017	Marketing Planning & Strategy Part VII	—	310
4.018	Basic Concepts in Marketing Management	—	378
4.021	How to Improve Sales Management	—	331
4.041	Pricing for Profit	—	331
4.051	Product Policy for Consumer Goods Companies	—	362
4.052	Product Policy for Industrial Goods Companies	—	362
4.061	Advertising: Better Planning Better Results	—	362
4.071	Implementing Marketing Strategies Part I	—	378
4.072	Implementing Marketing Strategies Part II	567	378
4.081	Marketing Communications in a Changing Environment	—	378

PART V Finance

Code No.	Volume title	*HB	**SC
5.022	Finance: Part III	—	310
5.023	Finance: Part IV	—	310
5.024	Finance: Part V	—	310
5.041	Pension Management	—	283
5.051	Transformation of Banking	567	378

PART VI International

Code No.	Volume title	*HB	**SC
6.011	International Business	410	—
6.021	Managing the Multinationals	472	331
6.031	Selling in Foreign Markets	—	331
6.041	How Japan Works	—	378

PART VII Planning and Control

Code No.	Volume title	*HB	**SC
7.011	Computer Management Part I	430	—
7.012	Computer Management Part II	430	—
7.013	Managing and Using Computers Part I	—	331
7.014	Managing and Using Computers Part II	567	378
7.042	Management Information Part II	—	310
7.053	Planning Part III	—	331
7.054	Planning Part IV		331
7.055	Planning Part V	—	331

PART VIII Production and Operations

Code No.	Volume title	*HB	**SC
8.011	Managing Projects and Programs	—	310
8.024	Manufacturing: Reconsidering Old Solutions	—	378
8.025	Behind the Productivity Headlines	—	378
8.032	R & D Management Part II	430	
8.041	Inventory Policy	410	
8.051	Service Management	—	283
8.061	Manufacturing Strategy	—	283
8.071	The Management of Technological Innovation	—	378
8.081	Manufacturing Management: Logistics, Materials Inventory	—	378
8.091	Shop-Floor Management	—	378

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LETTER FROM THE PUBLISH

The application by Pepsi to enter India has been pending for a very long time. For various reasons, the government has been unwilling to take a decision. In many ways, it is a test case for the government. The antagonist argue that granting the application would be a "sell-out" to foreign interes at the direct expense of indigenous business. But beyond political sloganeering, they raise several important business issues about the project First, they question whether any new technologies are involved. They question the validity of the export promises being made. And they ask whether foreign brands can be permitted to drive out established local brands.

On each of these issues, Pepsi have clear and unequivocal answers. There are significant food processing and handling technologies that they have, which while obviously being of direct benefit to the project, will act as a catalyst to galvanise the food processing business.

As far as exports are concerned they are willing to guarantee in every way their exports and point to their success, under similar circumstances in promoting exports from Russia. And as far as brand names are concerned, they point out that they do not wish to be treated any differently under the law than any other foreign or Indian company.

In fact this is the real issue in this case. The government is duty bound to lay down policy and set the parameters within which businessmen, local or foreign, may operate. But once the law and policy is so laid down there can be little justification to deny any legitimate application. And there can be certainly no justification in succumbing to the pressures of other businessmen. And one must never forget that unnecessary delay is as good as denial. Quite frankly, it also makes little political sense to continue delaying a decision. Certainly if there is any violation of policy or the law, the application ought to be equally speedily rejected.

Liberalisation has allowed both domestic and foreign companies to enter th competitive marketplace more freely. This necessarily means that within the guidelines one cannot pick and choose amongst applicants. Necessarily everyone is watching what signals the government will send.

Ashok H. Advani

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• How relevant are the IITs?

Dinesh Mohan's article on brain drain (22 August) was an eye-opener. The study by Professors Sukhatme and Mahadevan is based on data pertaining to 501 students who graduated from IIT Bombay between 1973 and 1977. Though this may not be a representative sample, the questions the study raises are valid and relevant. Is it not fair for society to expect some return from the students on whom it has spent a fortune? Especially when such opportunities are denied to the vast majority of the student community?

The stock answer to this question is that our economy and industry are undeveloped and therefore incapable of absorbing these graduates. Our economy is said to be incapable of providing them the challenges and the "facilities" commensurate with their capabilities. Comparisons are made with international norms. Our system helped them acquire the capabilities and the aspirations. Perhaps we did not know why and for what purpose these capabilities were imparted to them. In our eagerness to industrialise we missed or overlooked these basic issues. So, despite our limited resources we ended up catering to the manpower needs of the developed countries.

Dinesh Mohan's prescription is to institute a departure tax. I do not think this will in any way alter the basic question of attitudes. Besides it smacks of regimentation. We need to go much deeper into the structure and relevance of the courses being offered.

How appropriate are these courses vis-a-vis the needs of industry? Do we need the current four-year integrated pattern? Or could we split it into two phases (the first part consisting of basic technology after which the students work in an industry for at least two years; in the subsequent phase they specialise in specific branches)? Could we have better linkages with industry? Should we not bring the millhands and the foundrymen into the institutes to interact with the academics?

BALA BHASKARAN
Ahmedabad

• Ruinous politics in universities

The behaviour of the managing council and the vice-chancellor of Pune University in making the Hindustan Lever Research Foundation (HLRF) withdraw its offer to set up a biotechnology research centre on the university campus is unpardonable (8 August). They have done a gross injustice to the student community of the university and to many talented scientists in the country.

One cannot understand the attitude of the vice-chancellor and the managing council, especially at a time when many universities are sorely in need of funds to finance their research projects. Indeed, the Pune University authorities should have welcomed the HRLF project without vacillating.

This is only one instance to show how university managements come to grief and fail in their duty towards their students. In fact, educational institutions in this country cannot turn out good finished products unless they keep their managements off politics.

SRINIVASA SARMA
Hyderabad

• A give-and-take approach

E.A. Ramaswamy's article, "Whose job is it?" (8 August), has provoked a lot of healthy discussion in our company. The recurrent day-to-day problems raised and the games referred to are very pertinent and typical of what goes on in almost all manufacturing units.

Though there are conscientious line managers who are willing to and do take responsibility for their men, they often find it a problem to get everyone concerned to work concertedly in tackling these problems. The result is that the conscientious line manager finds his efforts thwarted because there is not enough peer and top management support.

It is true that handling men is a line function and that personnel staff have to concentrate on policy issues. But I feel that a personnel man has a very important role in dealing with such problems which require an overall company-wide action plan and initiative. First of all, at all levels of management, there should be appreciation of the need for remedial action. Action steps, jointly agreed to should be listed and implemented. Identification of hard core elements could be one step. This could be followed up with proper counselling of such people.

Proper education and nurturing of union leadership is essential. It is a slow but rewarding process. Further, in the present-day environment, many managements have almost given up legal action. They have also learnt that direct talks, appreciation of each other's problems, and reaching an understanding, is the only way to ensure a healthy working relationship. This necessarily means that both parties have to have a give-and-take approach. They should accommodate each other.

S.M. UDUPA
Bangalore

• A big joke

This refers to Salil Choudry's letter on the State Bank of India (25 July). The points mentioned in the letter are relevant to other nationalised banks also. There is an enormous delay in conducting interviews for promotions and declaring the results. This leads to dissatisfaction and litigation.

This casual attitude of managements puts employees to great inconvenience. There is no policy on transfers of employees, especially officers. The duties of specialist officers are not specified; as a result they are often misutilised. As Choudry said, the training programmes are a big joke.

Thanks to Choudry for bringing out facts about our nationalised banks.

V.R. KRISHNA RAO,
Bhimavaram

• Wide of the mark

I refer to the report entitled "Darbari tries DCM's back door" (Listening Post 5 September), and I am sorry to have to observe that this report is wide of the mark.

It is true that Tata Tea Limited had submitted a Rs.150-crore bid for the Kota Complex of DCM — this was in response to an advertisement inviting offers for the Kota Complex.

However, we have not bought even a single share of DCM and your report suggesting that we are "collecting DCM's equity" and that our investment so far in DCM "should be about Rs.5.6 crores" is totally wrong.

We are also unable to make out how the figure of over Rs.118 crores representing "combined reserves and surpluses" of Tata Chemicals, Rallis and Tata Tea has been arrived at.

D.S. SETH
Chairman,
Tata Tea Ltd *Bombay*

New twist to workers' safety

For a competition recently held in Bitburg, West Germany — called Young People carry out Research — schoolboy Frank Becker, and his buddy Frank Hoffman (not in photo), developed this pair of safety glasses for people working on grinding machines. The machine and the glasses have been rigged up so that the machine will not start unless the worker wears the glasses.

IN-PRESS

Old ways are good for the heart

Heart attacks, strokes and other cardiovascular diseases, normally thought of as diseases of affluence, are growing so fast in developing countries that they are expected to cause as many as 15 to 20 per cent of Third World deaths by the year 2000. This was the warning given by World Health Organisation (WHO) on 6 July at the Geneva launch of a campaign.

The organisation reported statistics which showed that in China's Shejisan district (part of the capital, Beijing) mortalities due to heart diseases rose from 10 to 32 per cent in two decades; deaths due to strokes rose from 10 to 25 per cent. Though not strictly a Third World nation, Singapore was also mentioned in the statistics; cardiovascular deaths there climbed from 5 to 32 per cent of all deaths in three decades. And in the Philippines, cardiovascular disease is now the second largest cause of death, accounting for 14 per cent of the total. The cause: the shift to western lifestyles, promoted by films, television, newspapers and magazines. One solution according to the WHO: the promotion of "traditional ways of life".

PANOS

Mag, line and sinker

Would you make a deposit with a bank if you received a subscription to a glossy Indian magazine? Well, probably not, but Citibank nurses the hope that distance makes the heart grow fonder.

Under its "Citigold Priority Services" the bank will offer its NRI investors a complementary subscription to one of the following — *India Today*, *Business World*, *Fortune India*, *Chitralekha*, *Manorama Weekly*, or *Stardust*. The question now is whether investors will bite at the glossy bait.

Shaky foundations

In our daily dealings with banks, we are, by default, placing infinite trust in the Reserve Bank of India. But here's a bit of unsettling information — even today, 54 years after it was passed, the RBI Act, which brought this watchdog of Indian banking into existence, still remains a "temporary provision".

According to the Act, passed on 6 March 1934, "...whereas in the present disorganisation of the monetary system of the world it is not possible to determine what will be suitable as a permanent basis for the Indian monetary system:

"But whereas it is expedient to make temporary provision on the basis of the existing monetary system and to leave the question of the monetary standard best suited to India to be considered when the international monetary position has become sufficiently clear and stable to make it possible to frame permanent measures...."

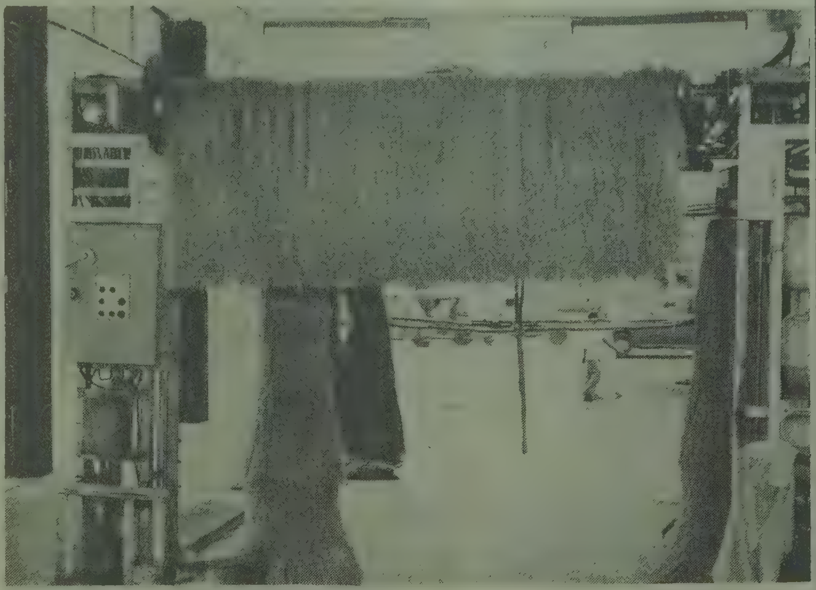
HARSHMAN RAI

RBI: a "temporary provision"

Robots to wash your car

The first robot-operated car wash in India was inaugurated at Madras on 17 August this year. The robot costs Rs.10 lakhs. A complete car wash costing Rs.45 takes only ten minutes. In the usual method of washing, the car is lifted by a jack. In the new system, the car is placed on a rail and travels into a special garage. The moment it is in, the robot starts operating. It washes the car with liquid detergent and wax. The car then goes through a drying process lasting two minutes.

V. GOVINDARAJAN, *Madras*



Ten minutes and your car's washed clean

Loss in forest cover

Share of total energy provided by wood

	Wood share of total energy (%)
AFRICA	
KENYA	71
MALAWI	93
NIGERIA	82
SUDAN	74
TANZANIA	92
ASIA	
CHINA	25*
INDIA	33
INDONESIA	50
NEPAL	94
LATIN AMERICA	
BRAZIL	20
COSTA RICA	33
NICARAGUA	50
PARAGUAY	64

** Includes agri-wastes/dung in addition to wood and charcoal*

(Source: World Watch Institute, based on various sources, figures are for the early eighties)

Landstat data released by the National Remote Sensing Agency, quoted in a paper by the World Watch Institute, reveal that Indian forest cover declined from 16.9 per cent in the early seventies to 14.1 per cent in the eighties.

The report also quotes another study which estimates the loss in closed forest cover around major Indian cities *(see table)*.

City	1972-75 (sq km)	1980-82 (sq km)	Fall (%)
BANGALORE	3,853	2,762	28
BOMBAY	5,649	3,672	35
CALCUTTA	55	41	25
COIMBATORE	5,525	4,700	15
DELHI	254	101	60
HYDERABAD	40	26	35
JAIPUR	1,534	786	49
MADRAS	918	568	38
NAGPUR	3,116	2,051	34

The Fourth Estate

If asked to explain the origin of the term "Fourth Estate", even the most hard-bitten corporate PRO, would be at a loss. Harrison E. Salisbury, author of the 1980 bestseller, *Without Fear or Favour*, which was "an uncompromising look" at the venerable *New York Times*, had this elegant para on the precedents of the term.

Salisbury wrote, "The idea of a newspaper as a 'fourth branch of government' has honourable roots in rhetoric but only the wispiest of underpinnings in law, or even in public concept. The notion that newspapers occupied a special place in the social order had its origin in the debates over the French Revolution. (Actually at that time they were largely political leaflets or pamphlets.) It was then that the reporters in England's parliamentary gallery were first referred to as a Fourth Estate, more powerful than the other estates, the nobility, the clergy and the burghers. The idea was advanced by Edmund Burke, and Thomas Carlyle put it into popular currency without anyone trying to define exactly how the press or the media, as we would say now, occupied such a special position."

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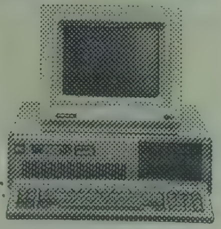

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Enterprise BSD 58

Strange bedfellows

American Express Bank and the Tatas have joined hands to set up an investment company. The venture has reportedly received government approval a couple of months ago. It is yet to be decided who will head the company: a Tata or an American Express nominee.

This new venture fits into the larger plan American Express has drawn up to diversify its activities worldwide into areas other than corporate banking. Consumer banking, merchant banking and related financial services are being given a priority. Foreign banks operating in India are hamstrung by a number of extremely restrictive regulations and need to generate resources from non-traditional activities. For instance, even the acquisition of property is not permitted from local resources. The proposed investment company is expected to ease such constraints for American Express.

Another red herring from P&G?

Consumer products marketers say that Procter & Gamble (nee Richardson Hindustan), in an effort to closely guard new product plans, deliberately sends out all the wrong signals to confuse rivals.

While competitors were gearing up to face the anticipated entry of P&G's Camay Soap, Crest toothpaste and Tide detergent, the company is believed to have commissioned the Indian Market Research Bureau (IMRB) to explore the sanitary napkins market. Special emphasis is being given on the beltless napkins segment, where Johnson & Johnson's Stayfree brand is the leader.

So now, it is expected that P&G's international sanitary napkin brand, always, may well be on the way. Unless, of course, the market research project is yet another red herring.

Food Bonds

Jagdish Tytler is putting together a scheme that may be a version of black money bonds. Tytler's ambitious plan, which is still in the conceptual stage involves luring fresh investment in the food processing industry. The draft plan proposes to ensure that those putting up fresh investment in this area will be asked no questions about the source of funds.

While Tytler still has a battle to fight with the finance ministry before his scheme can get going, observers in New Delhi are wondering why this scheme was proposed at all. Does this mean that the food processing sector and the ministry is projecting a shortage of funds and an excess of projects. Scenario? Or does Tytler have his eyes on some money that is desperately seeking an investment opportunity?

GNFC project stuck

The project to manufacture 40,000 tonnes per annum of acetic acid by Gujarat Narmada Valley Fertilisers Co (GNFC), in technical collaboration with British Petroleum Chemicals of the UK, is yet to take off. The company received the licence about a year ago.

The proposed imports of capital goods for the project are believed to have been held up since the government has yet to make up its mind about which raw material it should promote for acetic acid manufacture in the country — methanol or alcohol.

While the GNFC project proposes to use methanol as the base (which it manufactures), existing acetic acid manufacturers, who use alcohol, have strongly protested.

Meanwhile the demand for acetic acid — a key raw material for the manufacture of purified terepethalic acid (PTA) — has shot up, following the commissioning of Reliance Industries' 150,000 tonnes PTA project. Of the total demand of 70,000 tonnes, Reliance accounts for about 15,000 to 18,000 tpa. Against this, domestic production this year will be around 55,000 tonnes.

Mixed signals

Attracting investment from non-resident Indians (NRIs) has for long been a stated policy of the government. However, in recent months, several companies intending to allot NRIs a portion from their public issues had been asked by the controller of capital issues (CCI) to stay out of this market. The ostensible reason is that the ministry of finance is concerned (in the short term) about the possible outflow of precious foreign exchange through dividend remittances. Reliance Petrochemicals and J.K. Synthetics who wanted an NRI component in their issues have since changed their plans. In striking contrast, the same ministry recently indicated that it wanted to raise the ceiling of NRI investments in a company. What is the signal?

Yarn wars

Some vested interests are believed to be prompting the government to withdraw the sizeable excise concessions granted in the last budget on nylon filament yarn (NFY). Their argument is that the duty reduction has failed to raise the consumption of NFY and the government is losing out on revenue. In contrast, excise reduction has brought about a substantial rise in the use of polyester filament yarn (PFY). So in the latter case the relief is justified.

But industry sources point out that the consumption of NFY has been fairly stagnant over the last five years, while that of PFY has been rising smartly every year even before the duty changes were made. Nylon is largely consumed by the poorer sections and the duty relief was a progressive move even though it has not been passed on to the consumers, claim weaving industry sources. Both nylon and polyester spinners are alleged to have eaten up the duty reliefs, the former's record being worse on this count.

What the government finally decides to do is to be seen. But there does seem to be a strong case to discipline the spinners rather than further punish the consumers.

BP's white elephant

The Bharat Petroleum pipeline from Bombay to Pune has not been working for several months due to a fire and is still under repairs. Everybody concerned is being tightlipped about the cause of fire. Reliable sources, however, maintain that it was caused by faulty cathodic protection. Cathodic protection experts didn't take into account the railway electrical line which runs close by. This may probably have caused a mismatch and thus the fire. This is contrary to public opinion that villagers might have caused the fire.

Will the pipeline prove to be a white elephant? How long will it lie idle? After all, it cost crores to lay down.

BICP recommends policy changes

In a report submitted to the government, the Bureau of Industrial Costs and Prices (BICP) has suggested further cost-reduction changes in pricing, fiscal, licensing and technology policies. It is felt that prices of raw materials and intermediates should be kept at the international level especially for those industries where they account for a substantial portion of the cost of production.

The report says that the studies in engineering industries, auto components, chemicals and pharmaceuticals show that the performance of domestic producers in the efficient use of resources is mixed. While some of the units in the domestic industrial sector whose performance in terms of yield, energy efficiency and capacity utilisation may be inefficient, there are some units which are efficient and can compete internationally. High prices of domestic products vis-a-vis international prices were directly attributable to high input costs and inappropriate investment decisions. A change in pricing, fiscal and technology policies and efficient management could help improve the competitiveness of many of these units.

In addition, the BICP report has suggested that units should avail of the advantages of economies of scale.

Cement retention price up by Rs.47

In a move that has been welcomed by cement manufacturers, though still considered inadequate, the retention price of levy cement has been raised by Rs.47 per tonne in view of soaring input costs. With the hike in the retention price, the retail price of levy cement is expected to go up by about Rs.2.55 to Rs.51.50 per bag. The prevailing open market price today hovers between Rs.72 to Rs.75.

The industry had been waiting anxiously for the increase, more so as the last hike was brought about in December 1986. The government, it is learnt, was expected to announce the increase much earlier, following a proposal of the industry ministry which envisaged an increase of Rs.30 per tonne. The latest government decision is now expected to provide a further momentum to the growth of the cement industry, leading to increased production coupled with easier availability.

The Cement Manufacturers' Association (CMA) is sore about what it considers unwarranted delays in granting a price increase for levy cement, as it is estimated that the industry would have lost about Rs.500 crores since 1982.

Imports up by 25.6 per cent

According to the latest provisional trade statistics released by the commerce ministry, imports rose by 25.6 per cent to Rs.6,393.84 crores from Rs.5,090.55 crores during the same period of the preceding year.

Exports on the other hand only grew by 16.9 per cent, from Rs.3,694.89 crores to Rs.4,319.60 crores. As a result the trade deficit increased by Rs.678.58 crores from Rs.1,395.66 crores to Rs.2,074.24 crores.

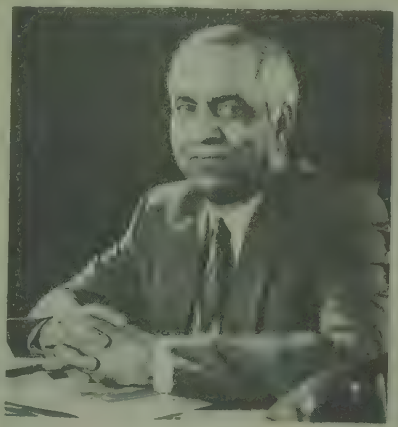
TN importing cotton from Pak, Sudan

Addressing the valedictory function of the month-long national handloom expo, A. Padmanaban, advisor to the government said the Tamil Nadu government has placed orders with Pakistan and Sudan. In an attempt to overcome the shortage of yarn, an amount of 30,000 bales of cotton worth Rs.12 crores is to be imported and sold to weavers in the state at five to seven per cent less than the market price.

Padmanaban said that 2,000 bales of cotton have already reached Madras. The balance is to be imported before the end of the year.

Separate financing agency urged for electronics

In its final report submitted to K.P.P. Nambiar, secretary, department of electronics, a task force on electronic components has suggested setting up of a separate financing agency for the electronics sector as a whole. The proposed corporation should be set up to look after the financial requirements of the industry.



Nambiar: looking at electronics financing

Apart from providing venture capital, areas where investment is shy should be financed by the proposed corporation. The panel feels that in view of the ambitious target set up for the electronics industry in the year 1995 and 2001, the country will have to take up the manufacture of ICs. The DoE has fixed a target of Rs.23,500 crores and Rs.60,000 crores for 1995 and 2001 respectively.

MSP for wheat, barley, gram, oilseeds raised

In an announcement well before the rabi sowing season, the government has hiked the minimum support prices of wheat and gram for the 1989-90 season. Wheat is up by Rs.10 per quintal and gram Rs.35 per quintal. Making an identical statement in the two houses, Bhajan Lal, the agriculture minister, said that the government raised the statutory minimum price of wheat of fair average quality from the present Rs.173 to Rs.183 per quintal. Giving classifications, Bhajan Lal said while fixing support prices the government had taken into account all factors with a view to ensuring that farmers did not make distress sales.

CCS raised by 5 per cent

Cotton textile exporters have welcomed the government's decision to increase cash compensatory support (CCS) by 5 per cent for export of textiles to non-quota countries in general currency areas (GCA). The new rates are applicable to exports made in the pursuance of offers/orders/contracts received and finalised after 5 September.

Broadbanding for electrical fans

The government in the context of diversification and consequent removal of table fans from the list of items reserved for the small scale sector, has decided to extend the scheme of broadbanding to all types of electrical fans. Industrial fans and blowers will be excluded for the purpose of broadbanding, according to an official announcement.

Small industries register impressive growth

Addressing members of the parliamentary consultative committee attached to his ministry, union planning minister Madhavsingh Solanki said that the village and small industries have shown an impressive growth of over 18 per cent in the last few years. He said that the value of output had increased from Rs.33,510 crores in 1979-80 to Rs.76,727 crores in 1986-87.

Praising the performance, Solanki added that the sector remained and shall continue to remain the "sheet anchor" of the country's decentralised economy. He said that lately it had shown "tremendous dynamism", so much so that far more resourceful and vocal sectors of medium and large industries had started to perceive it as a rival in more ways than one.

HDFC aid for Assam housing scheme

The Housing Development Finance Corporation (HDFC) has advanced Rs.1 crore to the Assam State Transport Corporation (ASTC) for release of house building advances to its employees.

Nearly 100 employees of the ASTC are expected to benefit under the scheme with Rs.80,000 being the ceiling of advances per individual.

High-tech transfer stalled

The Japanese government has clamped a ban on the transfer of technology for video cassette recorders (VCR) and video cassette players (VCP). It has been reliably learnt that the ban has been imposed on technology transfer to India and China. Indications are that the Japanese ministry of international trade and industry is willing to allow SKD (semi knocked down) imports only.

Both India and China import two million Japanese-made VCP/VCR sets each year through duty-free ports such as Hong Kong, Singapore and Dubai. The ban has been imposed on the plea that the technology in question is sensitive and belongs to the "high-tech" generation.

The VCP/VCR manufacturing proposals, which appeared straightforward some time ago, has run into rough weather due to the Japanese stand on technology transfer. The matter will have to be taken up at the highest government level if the proposal to manufacture VCPs and VCRs indigenously is to be implemented.

Strengthening intermediate advance licensing scheme

The chief controller of imports and exports, R.L. Misra, proposes to take up with the Central Board of Excise and Customs, the question of waiving the excise duty on intermediate products supplied by a manufacturer-exporter to a final exporter. The intention is to make the intermediate advance licensing scheme, under which such supplies are made, more effective and result-oriented. The board argues that an intermediate manufacturer can claim refund of drawback on excise duty, but because of the cumbersome procedure involved, this does not really improve matters.

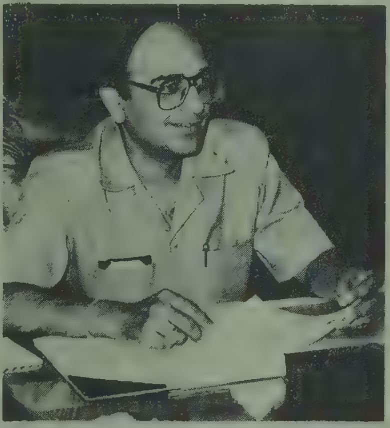
J.K. Synthetics expects approval for Salimpur project

J.K. Synthetics is hopeful that government approval for the aromatics-cum-PTA project at Salimpur will be cleared soon. This was announced by Govind Hari Singhania, vice-chairman and managing director at a press conference recently. The investment in the PTA and aromatics project is estimated to be Rs.850 crores and Rs.350 crores respectively. The company is also pursuing government approval for the manufacture of acrylonitrile at Hazira.

The company hopes to boost exports of synthetic yarns and fibres by setting up an international trading division.

Singhania said that the company continues to do well; in the first five months of operation (April to August 1988) there has been an increase in the sale and production of synthetic fibres and yarns. The company has produced 22,924 tonnes, as against 21,755 tonnes in the same period in 1987. The company hopes to achieve a turnover of Rs.725 crores during the current year.

The acrylic staple fibre and nylon tyre cord project at Jhalawar in Rajasthan should be on stream by the middle of 1989. The company will be shortly offering, on a rights basis, non-convertible debentures aggregating Rs.20 crores to its equity shareholders to augment long-term resources for its working capital requirements and also to finance some of the capital expenditure schemes.



Singhania: optimistic about growth

Rallis to make British motor controller

British Technology Group (BTG), one of the world's leading technology transfer organisations, has signed a licence agreement allowing Rallis India to manufacture its Unsworth motor controller.

The microprocessor-based unit offers a wide range of motor control functions. Units made by BTG licensees have been installed in a wide range of applications in Britain and North America, and many have demonstrated significant energy savings.

BTG has also concluded a licence agreement with Jyoti of Vadodara relating to the manufacture of the Pam motor, a two-speed, single-winding induction motor. This unit offers greater flexibility than a single-speed motor at little extra cost.

BTG patents and licenses new scientific and engineering products and finances high-technology projects,

KOEL exports know-how to Nepal

The Agricultural Tools Factory Ltd, Birgunj, inaugurated recently its diesel pumpset manufacturing plant. The first of its kind in Nepal, the plant was the outcome of a technical collaboration agreement signed with Kirloskar Oil Engines Limited (KOEL) in December 1987.

As the average demand for pumpsets in Nepal is about 4,000 units a year the Agricultural Tools Factory (ATF) secured an industrial licence to manufacture 2,000 sets of 5 hp and 7 hp diesel engine pumpsets annually. The construction of facilities, and the acquisition and installation of machinery etc, were completed just five months after the KOEL agreement was signed.

ATF is the first government sector company to tie up with a private company from abroad. This is the third technical collaboration agreement to be signed by Nepal and India since commercial and industrial relations were first established between the two countries.

CRISIL rates Empire Finance

The Empire Finance Co. Ltd, one of the largest private sector finance companies, has secured an 'A' rating for its fixed deposit scheme from The Credit Rating Information Services of India Ltd (CRISIL). Crisil was promoted by ICICI and UTI to undertake the rating of debt securities, including debentures and fixed deposits of Indian companies. The ratings act as a guide to the investor regarding timely payment of interest and principal. Crisil has already rated bond issues by private sector companies.

Empire Finance is the first

company to announce a rating by Crisil for its fixed deposit scheme. The 'A' rating indicates adequate safety of investors' funds and timely payment of interest and principal.

Empire Finance's fixed deposit programme is lead-managed by UCO Bank and Allahabad Bank.

GNAL ties up with Yeu Tyan

Gujarat Narmada Auto Limited (GNAL), manufacturers of the Narmada 150 Prince, has entered into a technical collaboration with Yeu Tyan Machinery Manufacturing Company Ltd of Taiwan to bring into India a new 150 cc scooter engine.

The reed valve engine, according to GNAL, gives 60 km to a litre at 40 kmph, and can generate a maximum speed of 100 kmph. Engine ignition will be electronic and will deliver a 9.37 bhp at 6,000 rpm. The shaft-driven, air-cooled engine can take a maximum payload of 150 kg, displacing precisely 149.85 cc.

With the new collaboration, GNAL will be able to achieve 100 per cent indigenisation within six months of entering into the agreement. Besides such rapid indigenisation, the agreement also allows for exchange and training of personnel. While 20 GNAL engineers will be trained in Taiwan, engineers of Yeu Tyan will come to the GNAL plant to train GNAL personnel in the manufacture, assembly and testing of the new engine.

Textile machinery export to Poland

While Indian machinery has steady markets in several Asian and western countries, the East European markets had remained the domain of the industrialised nations. Now SM Energy Teknik and Electronics Ltd a company that has won several awards for its export performance in the past, has bagged an order worth Rs.1 crore from Poland.

The export agreement, signed recently in Warsaw, the capital of Poland, covers a range of sophisticated textile finishing equipment. A special feature of the order is the inclusion of SM's recently launched energy saver, the SM Econ 2100 Stenter.

With this new export contract, the company's total export earnings for the coming year will cross Rs.5 crores.

Dowty Meco, and Elecon form joint company

Dowty Meco Ltd and Elecon Engineering Co Ltd have announced the formation of a joint venture company in India known as Elecon Dowty Meco Ltd.

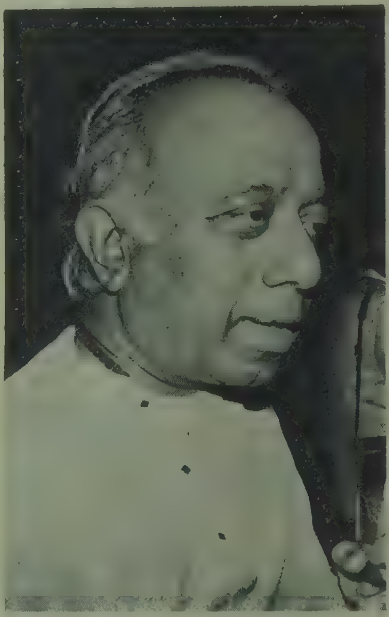
Located at Vallabh Vidyanagar, Gujarat the new company will manufacture a range of belt conveyors, belt conveyor idlers and rollers, general conveyors and armoured face conveyors and will also provide installation management. Marketing and after-sales service facilities will be provided by its selling agent, Emtici Engineering Ltd, through its branches all over India.

RPG group to acquire stake in ICIM

International Computers Limited (ICL) of UK had been on the look-out for an Indian partner to strengthen the management of its Indian affiliate, International Computers Indian Manufacture Ltd (ICIM), the largest computer manufacturing company in India. In this context ICL had negotiations with almost a dozen parties including the Kirloskars, the Mallyas, the Chhabrias, the Hindujas and the R.P. Goenka (RPG) group.

The final choice of ICL has been the RPG group. The Indian partner will begin with a modest stake in ICIM but will be responsible for efficient management and resource mobilisation for expansion.

ICL will continue to hold a 40 per cent stake in ICIM and the Indian partner will be acquiring a 10 per cent stake either by private placement of shares or through fresh rights issues. The stake of the Indian partner, reportedly, will be gradually increased to 20 per cent to make it the second-largest non-institutional shareholder. At present financial institutions have a 27 per cent stake in ICIM.



R.P. Goenka: now a stake in ICIM

India Steamship's restructuring plan approved

India Steamship Company expects a dramatic change in its fortunes now that it has received government approval for its financial and fleet restructuring plan.

R. Maheshwari, director of the company, said at the annual general meeting held recently in Calcutta that although the restructuring plan had been approved in principle in December last, formal approval had been communicated to the company only now.

According to Maheshwari, the merger proposal with Ratnakar Shipping had also been approved by the boards of both the companies and only a few formalities remained to effect the merger.

India Steamship has upped its operating profit by 30 per cent in the financial year ended 31 March 1988 over the previous year. The operating profit which was Rs.6.55 crores in the previous year went up to Rs.11.15 crores in the last financial year.

HBB bags ONGC contract

Hindustan Brown Boveri has secured a Rs.11-crore contract from the Oil and Natural Gas Commission for its Uran project near Bombay.

The contract includes the testing and commissioning of a 220 kV power switchyard, a 22 kV power distribution system interconnecting ONGC's captive power plant, a system study, and civil work.

The power sub-station would primarily cater to the power requirements of ONGC's ethane propane recovery plant at Uran, which will feed, by a pipeline, IPCL's Maharashtra gas cracker complex at Nagothane.

Spic registers higher loss

Unaudited financial results for the six months ended 30 June 1988 for Southern Petrochemical Industries Corporation (Spic) show that the company has plunged deep into the red.

The net loss after interest and depreciation has shot up to Rs.24.50 crores in the first six months of the current year, compared to a loss of Rs.14.80 crores in the first six months of the previous year. In the previous year, however, the company managed to offset the loss made in the first half by improved results in the second half so that the post-tax profit was Rs.5.07 crores.

This year's loss amounts to nearly two-thirds of the paid-up equity capital of the company. Spic expects fertiliser sales to pick up in the next six months.

DATE	SUBJECT	ORGANISER	VENUE
20 Sept	**Personality Development**	Indo-American Society, Kitab Mahal, 5, D. Sukhadwala Marg, Fort, Bombay 400001 Tel: 2044882/83	Indo-American Society, Bombay
20-22 Sept	**Storekeeping and Inventory Control**	Centre for Organisational and Professional Excellence, H 108/8, Seventh Avenue, Besant Nagar, Madras 600090 Tel: 415107	Hotel Park Sheraton, Madras
23-24 Sept	**Quantitative and Measurable Goal Setting and Productivity Improvement**	Creative Communication and Management Centre, 11, First Main Road, Indira Nagar, Adiyar, Madras 600020 Tel: 33579/411895	Hotel Park Sheraton, Madras
23-24 Sept	**Import Policy and Related Customs Procedures**	Creative Communication and Management Centre, 2nd floor, Raja Bahadur Mansion 8, Ambalal Doshi Marg, Bombay 400023 Tel: 273006	Meghdoot Hotel, Kanpur
23-24 Sept	**Personnel Management for Non-Personnel Executives**	Centre for Organisational and Professional Excellence, H108/8, Seventh Avenue, Besant Nagar, Madras 600090 Tel: 415107	Hotel Park Sheraton, Madras
25 Sept-10 Oct	**Fourth Advanced Personnel Management Programme**	International Management Institute, India, B-31/B, Kailash Colony, New Delhi 110048 Tel: 6414651/6418653	Hotel Clarks Avadh, Lucknow
25 Sept-8 Oct	**Seventh Advanced Management Programme**	International Management Institute India, B-31/B, Kailash Colony, New Delhi 110048 Tel: 6414651, 6418653	Hotel Clarks Avadh, Lucknow
26 Sept-1 Oct	**Cost Reduction**	Tata Management Training Centre, Pune 411001 Tel: 660141, 665472, 665381	Tata Management Training Centre, Pune
26-27 Sept	**A Computerised Approach to Specific Energy Management Problems**	National Productivity Council, Training Institute for Productivity and Industrial Engineering, 12, Mamkeswari Road, Kilpauk, Madras 600010 Tel: 666191, 663370	Hotel Maurya Sheraton, New Delhi
28-30 Sept	**Microsoft Windows Software Development**	Tata Unisys Ltd, Manish Commercial Centre, 216-A, Dr Annie Besant Road, Worli, Bombay 400025 Tel: 4933560	Taj Residency, Bangalore
29-30 Sept	**Achieving Corporate Excellence**	Indian Society of Organisational Behaviour, Bangalore 560056	Hotel Rama, Bangalore
29 Sept	**Improving Communication Skills**	Creative Communication and Management Centre, 2nd floor, Raja Bahadur Mansion, 8 Ambalal Doshi Marg, Bombay 400023 Tel: 273006	Hotel Oberoi Towers, Bombay
1 October	**Building & Leading Teams for Supervisors and Managers**	Creative Communication and Management Centre, 2nd floor, Raja Bahadur Mansion, 8 Ambalal Doshi Marg, Bombay 400023 Tel: 273006	Hotel Oberoi Towers, Bombay
3-6 October	**Quantitative Risk Assessment**	National Productivity Council, Novelty Chambers, Grant Road, Bombay 400007 Tel: 371322/23	Bombay
5-7 October	**Security, Reliability and Maintainability in Software Environment**	CMC Ltd, Secunderabad Tel: 822366	Secunderabad

S.R.R. SUBRAMANIAM

S.R.R. Subramaniam (60) has been appointed managing director and president of Larsen and Toubro Ltd with effect from 1 April 1989. Subramaniam's appointment puts to rest speculation about a possible takeover of L&T heightened by the fact that N.M. Desai, the present chairman and managing director, had not nominated a successor. Desai turns 65 in March 1989.

Subramaniam is currently vice-president (operations) and holds concurrent charge over personnel and organisational development. Subramaniam joined L&T in 1952 as a junior engineer and later became general manager (Powai). In 1976 he was promoted to vice-president and inducted on the board.

As vice-president (operations), Subramaniam was responsible for shipping, hydraulic excavators, construction equipment, oilfield equipment, and exports of non-L&T products.

H.H. CHOKSI

Choksi Tube Company Ltd which manufactures stainless steel seamless and capillary tubes, had a turnover of Rs.6.14 crores in the year ended September 1986. Promoted by H.H. Choksi, the company is now setting up a new plant for the manufacture of 10,000 tonnes per annum of seamless carbon and alloy steel tubes.

The plant is being set up at Rajpur in Mehsana district, Gujarat at a cost of Rs.23 crores and is expected to go on stream in March 1989. "Seamless tubes have wide application in chemical, petrochemical, fertiliser and pharmaceutical industries and the demand is good," says H.H. Choksi, managing director of the company. What's even better for the new company, most of the products it is going to manufacture are imported now.

For the new project, Choksi Tube is entering the capital market soon with a public issue of 850,000 equity shares of Rs.10 each at a premium of Rs.8 per share. With the commissioning of the new project, Choksi expects the company's turnover to go up to Rs.35 crores in 1990.

M. MOHAMMED RAFI

Light Roofings Limited, the Madras-based company which pioneered the manufacture of asphaltic roofing sheets in the country, has now taken up expansion and diversification projects with a capital outlay of Rs.22 crores.

The new projects are for production of ceramic tiles and latex surgical gloves. According to Mohammed Sharif Mohammed Rafi, managing director, Reliance Ceramics Limited, the most prestigious project of the group, is setting up a Rs.17.5-crore plant at Madurandhagan as a joint venture with Tamil Nadu Industrial Development Corporation (TIDCO). Sacmi of Italy will provide technical know-how for manufacture of ceramic wall and floor tiles. The project will be completed by the end of 1989.

Besides the ceramic project, the Rafi group is promoting a project to manufacture surgical and examination gloves made of latex. The project, set up at a cost of Rs.1.6 crores, will export its entire production. The group has plans to manufacture pitch fibre pipes and other construction and building materials, says Rafi.

Light Roofings Limited, which was established in 1969 with Mexican technical know-how to meet the country's need for asphaltic roofing sheets, today holds 75 per cent of the market in this field. Since demand is outpacing production, the company plans to increase production over the next three years from 3.80 crore sq. feet in 1988-89 to 6.50 crore sq. feet in 1991-92.

A second unit is being set up at Padapai in Tamil Nadu to raise production capacity to 30,000 sheets per day, from the existing 18,000. It is scheduled to be commissioned in March 1989, at a capital investment of Rs.2 crores. A third unit in Pondicherry with a capacity of 9,000 sheets a day (1.95 crore sq. feet per year) is being set up at a cost of Rs.1 crore.

When all these expansion and diversification projects are commissioned the annual turnover of the group will jump to about Rs.35 crores, from about Rs.5.6 crores in 1987-88 and an estimated Rs.7 crores in 1988-89. The number of employees will increase from 550 at present to 850.

VIJAY KUMAR DATLA

India's demand for animal health products is being met largely through imports at present. But not for much longer. Solvay BE Animal Health Limited, a new company based at Hyderabad, will manufacture vaccines, pharmaceuticals and feed additives for poultry, cattle, horses and pet animals, according to its director in charge, Dr. Vijay Kumar Datla. Solvay BE is a joint venture of Solvay & Cie of Belgium and Biological E. of Hyderabad.

Datla points out that though the poultry industry in India is the fifth largest in the world, the production is so low that it cannot even meet the national demand. By 2000 AD, for instance, the demand for eggs will be 180 billion and the poultry industry's production only 30 billion. If this enormous gap is to be bridged, production will have to be increased dramatically. But there are many constraints.

The paucity of good layers, the scarcity of good vaccines, and the lack of expert know-how are all reasons for low production. In areas like food additives and poultry pharmaceuticals, a lot of development work needs to be done. Solvay BE Animal Health Limited will offer a range of products for animal health care.

Solvay, Belgium is a 125-year-old company and the world's largest manufacturer of veterinary products, with production units in 32 countries and markets in over 80. Solvay, the 25th largest chemical company in the world, is a conglomerate of companies like Salsbury Labs, USA; Fromm Labs, USA; and Duphar Labs, Netherlands. Salsbury has long been a trusted name in animal health care in India.

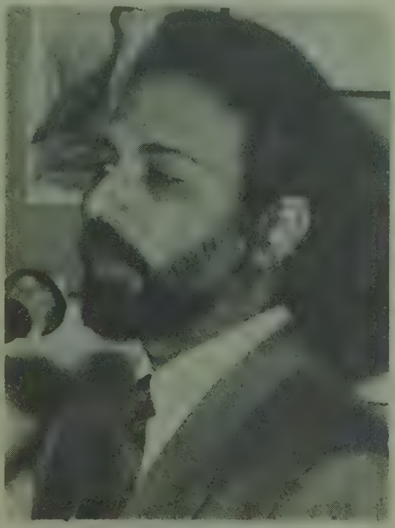
Biological E. of Hyderabad is a dynamic and fast-growing pharmaceutical company with an annual turnover of Rs.30 crores. Solvay BE, the new company, entails an outlay of Rs.3 crores. It will commence production in two years and have an annual turnover of Rs.3.5 crores.

The new company will also offer health care services through its technical personnel who will be on hand to offer their expertise and advice to farmers and producers. Disease diagnostic centres are to be set up near poultry farms to aid in the early detection and treatment of disease. Customers will be supplied pamphlets, immunisation schedules, brochures and other educational materials, says Datla.

RAVI MAMMEN

Funskool, India, the toy manufacturing subsidiary of MRF India whose first range of products were formally launched last fortnight, signals a personal achievement for its managing director, Ravi Mammen. It is the first major diversification of the Madras based group since he took over as the executive director in 1975. With the launch, Mammen revealed at a press conference, the group has come a full circle in history: Ravi's father and the founder of MRF, the illustrious Mammen Mapillai, started out in life as a toy balloon manufacturer in Madras in the forties before moving onto rubber gloves, shoe heels, rubber teats and finally tyres, in 1961.

Funskool has been set up at an investment of Rs.2.5 crores in Goa, in technical collaboration with Hasboro Inc of the US, largest toy manufacturer in the world. Hasboro has a 40 per cent financial stake in the company. Most of the toys that Funskool will make in the initial years will be of Hasboro design.



The US multinational will also provide the all-important toy-moulds on lease to Funskool since the manufacture of these not only need specialised technology but are also expensive.

The toys carry price tags in the range of Rs.20 to Rs.500 and hence are obviously directed at upper middle class kids. And with a middle class population of about 100 million, it is sad, according to Mammen that toy manufacture is still largely the preserve of the unorganised sector. Total sales in the country are estimated to be in the region of Rs.70 crores and it is claimed that the industry is growing at the rate of 20 to 25 per cent. Mammen intends to reach a Rs.20-crore turnover in the next three years. But whether he'd be able to do this in a market, whose vagaries are still not fully understood, remains to be seen.

M. GOPALAKRISHNA

There are very few companies, especially in the public sector, which can plan expansion and diversification even as they get ready for commercial production. Godavari Fertilisers and Chemicals Limited (GFCL) belongs to this select group. It is drawing up a 10-year perspective plan for expansion and diversification even as its diammonium phosphate (DAP) plant at Kakinada is poised to start commercial production.

GFCL's plan takes into account the possibility of utilising natural gas from the Krishna-Godavari (KG) basin according to M. Gopalakrishna, managing director of the company. He was the recipient of Hyderabad Management Association's (HMA) "Manager of the Year" Award for 1988.

GFCL has already made an application to the government of India for a letter of intent to set up an ammonia/urea plant based on natural gas with an installed capacity of 1,350 tonnes per day. Detailed studies are underway for identifying other projects for diversification, explains Gopalakrishna.

Gopalakrishna, a senior IAS officer and GFCL's managing director since September 1983, has been responsible for the planning and implementation of the DAP fertiliser project at the port town of Kakinada with a capacity to produce 300,000 tonnes annually. The project was commissioned ahead of schedule in a span of 26 months within the estimated cost of Rs.108 crores.

S.K. ARYA

The Maruti caravan is getting longer. Jay Bharat Maruti Ltd (JBML), the newest and largest of the six joint ventures promoted by Maruti Udyog Ltd (MUL) with private parties, will manufacture sheet metal components, assemblies and sub assemblies for Maruti cars. The Rs.14.09-crore import substitution project, located at Gurgaon in Haryana, started commercial production last fortnight.

S.K. Arya, the company's managing director, points out that Maruti's 31 per cent stake in the company's Rs.5.12-crore equity base will be the highest among all the six joint ventures, both in percentage and absolute terms. The company's private promoters — Escorts and Birla Yamaha — who are already in the business of supplying sheet metal components to Maruti, will pick up another 31 per cent of the equity, while the remaining 38 per cent — Rs.1.95 crores in Rs.10 shares at face value — will be offered to the public in an issue that opens on 29 September. The India Investment Fund (an NRI fund sponsored by Grindlays Bank) has already agreed to subscribe to 512,000 equity shares from the public issue.

Arya expects the company to have a turnover of Rs.11.64 crores in the first year (ending 30 September 1989) at 60 per cent capacity utilisation, and profit before tax of Rs.70 lakhs.

JBML is assured of a minimum level of profits from the first year, under an agreed pricing formula, whereby MUL's purchases from JBML will provide the company a fixed return on equity at the rate of 15 per cent in the first year, 25 per cent in the second year, and 35 per cent from the third year onwards; this agreement is renewable after seven years. With a firm commitment from MUL in the bag Arya feels that JBML is all set for steady growth "It's a captive market" he says

AIR-INDIA

Changes in the offing

When he was minister for civil aviation, Jagdish Tytler's animosity towards Rajan Jetley (Air-India's managing director) was well known. But even now, after his transfer to the newly instituted ministry for food processing industries, Tytler rarely misses an opportunity to take what his rivals regard as potshots at Air-India and its management.

"Serious exception." Tytler's latest outburst came last fortnight when he took "serious exception" to charges made by Jetley that Air-India's poor performance was mainly due to interference from the ministry of civil aviation. A contributory factor to the airline's record Rs.44-crore loss in 1987-88, said Jetley, was the ministry which under Tytler's stewardship had taken away his "authority and autonomy". Tytler responded with a long letter to chairman Ratan Tata which concluded, "It does seem strange that each and everybody seems to have been held at fault by the managing director except the managing director himself."

Jetley cites three instances where he feels the ministry was an obstacle to the effective functioning of the airline. Several powers traditionally vested with the management were withdrawn by the ministry. These include the restrictions on appointments, foreign travel for directors, and the issue of complimentary tickets for travel within India on a discretionary basis. Both Tytler and Jetley have conflicting views on who was actually responsible for withdrawing these powers and whether it affected the performance of the airline. Jetley says that the withdrawal of his powers did affect the airline's functioning while Tytler in his defence maintains that he acted in the best interests of the airline.

Aviation observers are intrigued by the Tytler-Jetley tussle. They feel that the reasons cited by Jetley are "insignificant" and that the principal reason for Air-India's slide into the red is its inability to catch up with the competition. In order to do so the airline would have to introduce more nonstop flights to attract high-yielding business traffic and also improve inflight and ground services. Since Jetley assumed charge in February 1987, enhancing Air-India's image has been one of his stated objectives. Now after 18 months of deliberations (in which the board played an important role) Air-India is changing gears.

At a press conference in Bombay last fortnight Jetley announced the airlines' winter schedule, which makes interesting reading. Frankfurt has become Air-India's European "hub" with seven flights a week, five of which are nonstop. The high-density Bombay-London route will now hopefully be exploited with five nonstop flights every week. New York and Tokyo have been similarly connected.

Image improvement. In addition to this Air-India has hired Landor Associates to do a Rs.75-lakh "image enhancement" exercise which includes changing the airlines' logo, livery, advertising and even the uniforms of the staff. This is expected to be in place by mid-1989. The only question is whether it will work. Observers view these changes as "cosmetic" and feel that several fundamental problems in the airline should be remedied first.

According to Jetley, however, these "cosmetic" changes are already making an impact on Air-India's bottomline. After 11 months of continued loss the airline is reported to have made an operating profit of Rs.47 lakhs in June 1988. And the net profit in July 1988 was Rs.4.05 crores against Rs.25 lakhs in the corresponding period the previous year. Air-India expects to close its books for 1988-89 with a nominal proift after wiping out its accumulated losses of Rs.44 crores. An ambitious target by any standards, and sceptics feel that the airline only wants to juggle numbers and project itself as a healthy and profitable operation.

One has to wait until March 1989 to see whether Air-India's statement of change translates itself into higher business traffic, better service and less dissent at the top. The government appears keen to make this possible. The price of aviation turbine fuel (ATF), which accounts for 22 per cent of Air-India's expenditure, has been slashed by 2 to 30 per cent (depending on the quantity lifted by all airlines). Air-India expects to save a cool Rs.15 crores in the process.

■ S.N.VASUKI

Air-India: plans to project a new image

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:AWAS POWER PROJECT

3ack to
Cegee-Alsthom?

'he 600 MW gas-based project of the
Iational Thermal Power Corporation
NTPC) in Kawas, Gujarat, has been pla-
ued with controversy ever since it was
onceived. It has already been delayed by
year because the Cegee-Alsthom com-
ine, which won the contract for the pro-
ect, failed to sign an agreement with
TPC following the rejection of the condi-
ons it laid down. As a result, tenders are
nce again going to be invited, as per
Vorld Bank requirements. What is mysti-
ing, NTPC insiders say, is that Cegee-
lsthom will once again participate in
e bidding and probably win the bid
gain. What's more, they say, thanks to
egee-Alsthom's clout, the new agree-
ent is likely to incorporate those points
hich Alsthom had earlier laid down as
nditions for signing an agreement with
TPC.

light differences. The World Bank is
roviding substantial assistance for
TPC's gas-based projects — about US.
485 million — and is therefore keeping
close watch on the tendering process.
ccording to a senior officer in the corpo-
tion the only difference in the new ten-
r is that this time only those parties
hich were earlier interested will be in-
ted; they will be given six weeks to
bmit their bids. The retendering pro-
ss is expected to be completed within
e next two months and a decision on
e contract is expected to follow soon
ereafter. Or so everybody hopes!

The Rs.410-crore Kawas project was
varded to Cegee-Alsthom (a consor-
m of General Electric, USA; Alsthom,
ance; and four other French com-
nies) in the face of stiff competition
m Bharat Heavy Electricals Limited
HEL), which had tied up with Kraft-
rk Union (KWU), a subsidiary of Sie-
ns, FRG, to bid for the global tender.

According to official sources, Cegee-
sthom "put impossible conditions at
discussion stage and introduced new
ments". The result was that NTPC and
gee-Alsthom failed to sign an agree-
nt despite protracted negotiations.
cidentally, Alsthom has also failed to
n an agreement with the National Hy-
electric Power Corporation for the
MW Dulhasti project in Jammu &
shmir.)

The scheduled date for starting work on the Kawas project, which will generate power using surplus gas from the HBJ pipeline, was August 1987. Though the delay in the Kawas project will probably not result in HBJ gas going unutilised, it will certainly put pressure on the Gas Authority of India Limited (GAIL), which has been desperately looking for alternative users, as most of the gas-based fertiliser projects are way behind schedule. Thankfully, however, the two other gas-based power projects of NTPC — the 430 MW Anta project in Rajasthan, costing Rs.316.74 crores, and the 600 MW Auriya project in UP costing Rs.472.28 crores — are on schedule and expected to be commissioned in 1989. Anta has tied up with the British company, Brown Boveri Corporation, and Auriya with Mitsubishi of Japan. Both are reported to have started work in "right earnest".

"Interesting" situation. Usually, when a project is delayed by a year a substantial cost escalation is expected. However, in the case of the Kawas project, senior NTPC officers feel that "the corporation may end up getting a lower price if some of the seriously interested parties want to make a breakthrough". Corporation insiders are surprised that Alsthom is interested in rebidding: they describe the situation as "very interesting". In all, nine companies are being invited to retender for the Kawas project.

One officer points out that the tendering system evolved by NTPC, as per World Bank specifications, has contributed significantly to the timely completion of its projects. The corporation has so far procured nearly Rs.5,000 crores worth of materials and services through tendering. Strict adherence to quality standards, laid down in consultation with British Electric International, has enabled the corporation to make its suppliers conscious of the importance of quality. Nearly 85 per cent of the orders for supplies and services have been bagged by domestic companies.

The gas-based power programme of the NTPC was originally scheduled to be completed in two stages. In the first stage about 1,630 MW of generation capacity was to have been added in the Seventh Plan at a cost of about Rs.1,200 crores. The delay in the starting of the Kawas project will upset this entire schedule; it is a setback for NTPC which prides itself on its ability to deliver on time.

▪

ANOOP SAXENA

BOMBAY PORT

Monsoon blues

Come September every year and shippers wring their hands in frustration as congestion at the country's premier port, Bombay, holds up ships for weeks on end. This leads to cancellations of export contracts, diversion of ships to neighbouring foreign ports and the imposition of surcharges by shipping lines. This year, the congestion problem is compounded by labour strife at a container-handling firm, Bombay Container Terminals Pvt Ltd (BCT), that has led to dock workers boycotting ships belonging to six foreign lines — Neptune Orient Lines, 'K' Line, Blue Star, P.O.C. Line, Hapag Lloyd and Orient Overseas Container Lines — all BCT clients.

Even as the dispute at BCT was pending conciliation before the assistant labour commissioner of the union government, the Bombay Steamer Agents' Association (BSAA), in an act of solidarity with the six boycotted lines, declared a day's strike on 12 September. "We struck work to get the dock workers to lift their illegal boycott," says K. Kumar, secretary-general of the BSAA.

The six lines together account for a traffic of about 50,000 containers out of about 230,000 at Bombay port annually, according to Kumar. "About Rs.25 crores worth of cargo including life-saving drugs, chemicals and machinery spare parts, stuffed in about 1,400 containers, is affected," he says. The BSAA strike move was supported by several trade and commerce bodies including the Indian Merchants' Chamber, the Indian National Shipowners Association, the Bombay

S.R.Kulkarni: tough stand

Custom House Agents Association, the All India Manufacturers Organisation as well as the Karmahom and Jappercon shipping conferences.

Workers suspended. Trouble began at the port with the suspension of about 50 BCT workers on charges of "grave misconduct". This led to stoppage of work. While the company's management maintains that the workers, numbering about 400, have gone on strike, the Transport & Dock Workers Union (TDWU) claims that BCT has declared a lock-out.

Says S.R. Kulkarni, secretary, TDWU, "The BCT management has violated its agreement with its employees." Adds another TDWU official, "Several workmen were suspended without justification. So the workers decided to serve a strike notice, but the management itself halted all operations at Bombay port." Kulkarni wants the company to reinstate the suspended employees, failing which he wants other container-handling firms in Bombay to absorb BCT's employees. Kumar does not see the logic of TDWU attempting to resolve a labour dispute at BCT by boycotting the vessels of the latter's clients. "They are coercing us to solve their problems," he says. Kulkarni replies, "When there is a war, some people are bound to be affected."

Congestion. Meanwhile, the average waiting time at the port has risen to about 12 days for each ship. Senior Bombay Port Trust (BPT) officials say that about eight ships that have completed the port formalities, and 23 others that have not, are waiting for berths. They denied reports that the waiting time had gone up to 25 to 30 days for general cargo vessels, and 45 to 48 days for those carrying MOP, a raw material for fertilisers. "Only one ship carrying MOP has been ready for a berth since 1 August," says a senior BPT official. "This ship is overdimensional, and needs two berths to discharge cargo. This sort of congestion takes place because of bunching of ships." While port officials expect the congestion situation to ease in about three weeks, the boycott issue does not appear anywhere close to settlement.

The six lines account for nearly 30 per cent of the country's container cargo, and service important government agencies such as the Oil and Natural Gas Commission, the State Trading Corporation and the Minerals and Metals Trading Corporation.

■ SHANKAR P.

ELECTRONICS INDIA '88

Showpiece for progress

The first officially sponsored international exhibition on electronics, Electronics India '88 (RI '88), opened on a quiet note in New Delhi on 6 September. The six-day exhibition, organised by the Trade Fair Authority of India (TFAI), had the avowed aim of attracting the best in the field. It also hoped to engage top scientists and experts in face-to-face parleys on the subject.

Showpiece. The fair really was a kind of showpiece of progress made by the country in the field, both in the public and private sectors. "The idea is to show the world India's capability in the electronics field," said Dr. M.S. Sanjeevi Rao, former chairman of the Electronics Commission and now honorary advisor to the TFAI. The exhibition was also expected to act as a stepping stone for Indian exporters to the international CeBIT fair in Hannover, West Germany, to be held in March 1989. This is the world's largest event for office information and telecommunications technology. For the first time, CeBIT has decided to have India as a partner country.

The exhibition: attracting the best in the field

EI'88 was jointly organised by the Department of Electronics, Department of Telecommunications and promotional organisations related to the manufacture and export of electronic products. These included the Electronics Components Industries Association (ELCINA), Electronics Trade and Technolog Development Corporation, Indian T Manufacturers' Association and the Eng neering Export Promotion Council.

Around 250 Indian companies an nearly 100 foreign companies, includin Bull and Intel Corporation, displaye their goods during the exhibition. Tha electronics have entered the commo man's realm was testified to by the larg number of TV sets. Peico and Bush ha compact disc players on display whic they hope to introduce in India (goverr ment willing) in the next year. Electroni PABX systems and telephone instru ments, PCs and CAD micros attracte much attention. The foreign participant had highly sophisticated equipment o display. Fibre optic cable testers, con pact soldering and resoldering equip ment were novelties.

Structural change. It was evident at th fair that the industry is heading towar a major structural change. Compute and communications are becoming mo important. Consumer electronics a slated to continue to play a dominant ro but, according to industry circles, th share of entertainment electronics will taken over by communication, compute and office automation products. In fa by the year 2000, software will account f 20 per cent of the industry while co sumer electronics will account for 21 p cent.

V.K. Rajan, chief general manager TFAI, says, "Electronics is the faste growing industry at 32-35 per cent a ye

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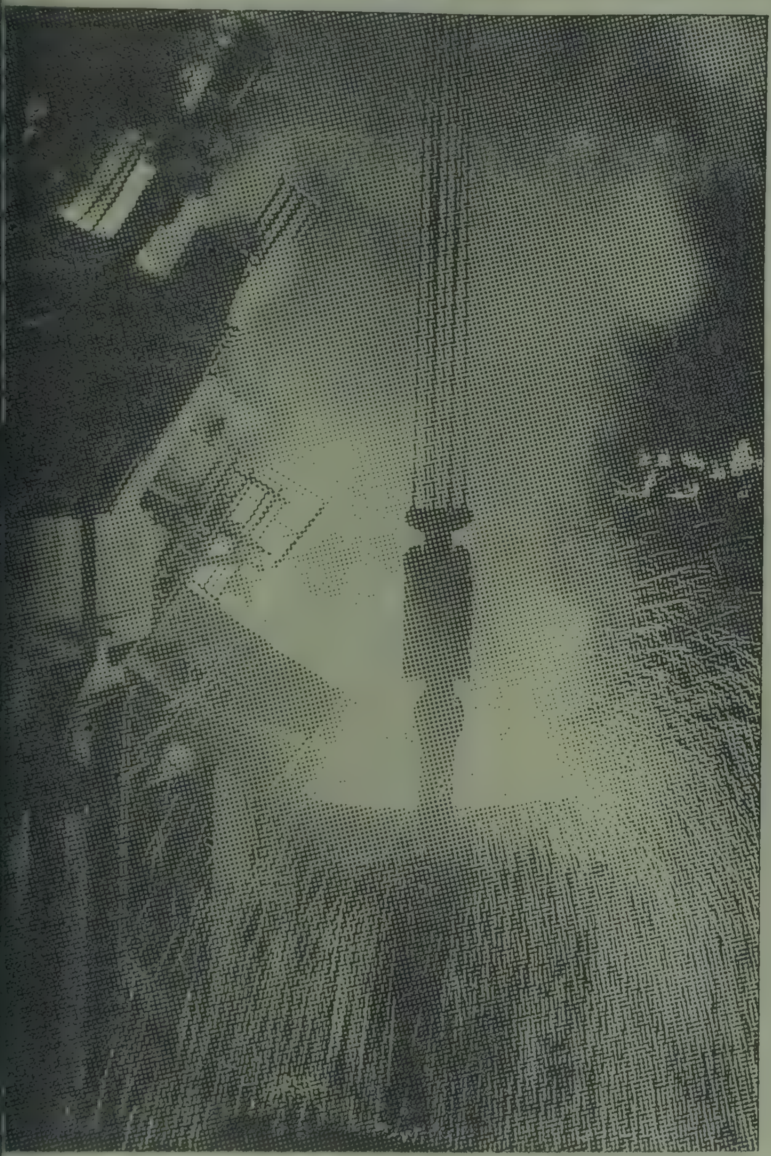

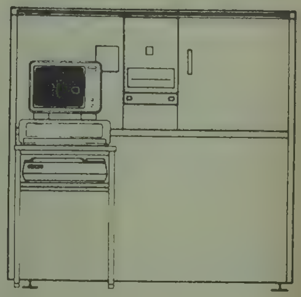

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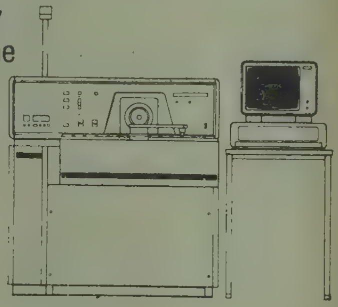

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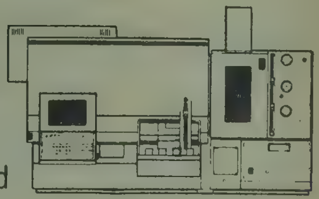

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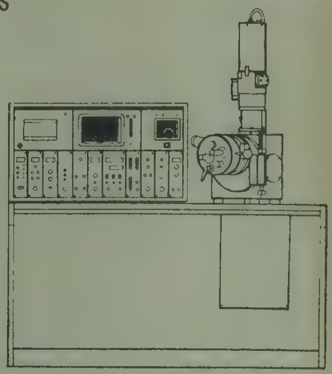

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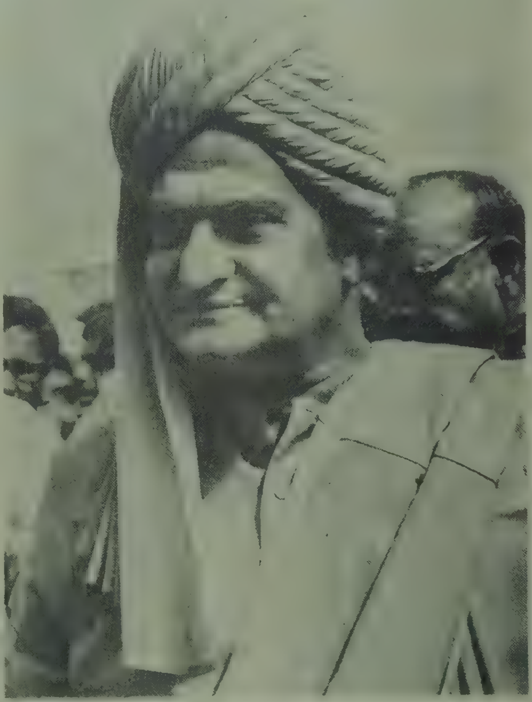
compound growth. A lot of work is being done by Indian companies but very little is known to the outside world." Also, the TFAI wants the electronics industry in India to gear up for future changes, like the 1992 re-structuring in the EEC (which would eliminate trade barriers within western Europe). EI'88 is therefore viewed as a kind of forum to prepare India for the future.

According to TFAI sources, the fair is expected to generate good business but the participants themselves seemed apprehensive: they claimed that they had come for visibility rather than instant orders. Till the reputation of a fair is established, the well known buyers and sellers do not strike deals so easily.

■ S. LALITHA

PROJECT CLEARANCE

NTR takes the battle to Delhi



NTR: not prepared to take it lying down

Complaints by non-Congress(I) state governments about the centre's partisan attitude are not new. They have been made so often that they are usually ignored. Even so, the Telugu Desam's accusation is serious. Since it came to power in 1983, it says, the centre has not cleared a single important project proposed by it.

To present their case directly to the prime minister, 363 elected representatives from Andhra Pradesh marched towards the PM's house. On the way, they were teargassed and arrested. When the issue was raised in Parliament the same day, Congress(I) and opposition MPs exchanged blows and the opposition decided to boycott the rest of the monsoon session. If NTR's actions in the past are any indication, the matter will not end with this protest.

No central clearance. After the Telugu Desam came to power in Andhra Pradesh in 1983, it formulated new projects and schemes in irrigation, power and other sectors, besides committing itself to carrying on work on schemes formulated by the previous Congress(I) government. But though project proposals have been sent to the centre for approval, not a single important one has been cleared.

As many as 22 major and medium irrigation projects — including the prestigious Telugu Ganga project — are awaiting central clearance. In the power sector, seven projects — including the Vijayawada thermal power project Stage III, and the Pulichintala, Jalaput, Jurala and Nelakotta hydroelectric schemes — have been held up for lack of central approval.

Reasons for delay. The central government denies this. In the power sector, for instance, it says, seven projects have been cleared in the last five and a half years. Six projects have not been cleared because the state government has not provided the required data. The four hydro electric projects at Pulichintala, Jalaput, Jurala and Nelakotta have not been cleared because of lack of funds, interstate differences, or lack of basic details. Only two projects are pending with the centre — the Manuguru super thermal power project which is being examined by the Central Electricity Authority, and the Nagarjunasagar atomic power project proposed by the Department of Atomic Energy.

In the irrigation sector, out of 22 projects, 14 were referred back to the state for additional information. On seven of these projects, the state government failed to provide information for more than a year; the Central Water Commission therefore deleted them from its list of pending projects. The seven remaining projects out of these 14 are still pending with the state for want of information. The Vamsadhara Stage II and the Telugu Ganga have been held up due to interstate wrangles. The Srisailam left bank canal project has been held up because has not yet been established that there sufficient water available for it. For th Singur project environmental clearanc is awaited. The Jurala project is accep able, subject to the concurrence of th state finance department.

Endless queries. However, the state go ernment is not ready to accept the ce tre's explanation. Citing the Telug Ganga project, the state governme points out that the centre has raised many as 43 sets of queries over the la five years. Though these points had bee technically and convincingly answere the centre, it complains, has now raise minor points regarding relief ar rehabilitation.

The state government has agreed provide house sites to the affected fam lies, besides giving government land reasonable rates to the small and marg nal farmers who will lose their lanc Even so, the centre has withheld clea ance to the Telugu Ganga project und the Forest Conservation Act. But thou only 25,000 acres of forest land have to dereserved, the state government has ready identified 35,000 acres and hand it over to the forest department. A pro sion of Rs.24 crores has also been ma for afforestation. The process of bei asked by the centre to reply to queries h already lasted for years, causing hu cost escalations and endangering the ve viability of several projects.

Blatantly partisan. Several industri projects too have been awaiting clea ance for a number of years. The colo picture tube project for which Philips h offered technical and financial supp has been pending with the centre sin 1985, though two proposals which ca later from other states were cleared. F this project the state government had n only identified a suitable site near jayawada but also earmarked funds.

The centre has not yet granted a lett of intent to the Andhra Pradesh Indu trial Development Corporation (APID for a linear alkyl benzene (LAB) proje APIDC's application for a licence to tablish a naphtha cracker complex Visakhapatnam, as part of a massive trochemical complex, has not been proved so far. The state governmen request to the centre to ask for Wo Bank assistance for the Muddanur th mal power project has not yet evoke positive response. Nor has the cen cleared the Kakinada port project, which the Asian Development Bank

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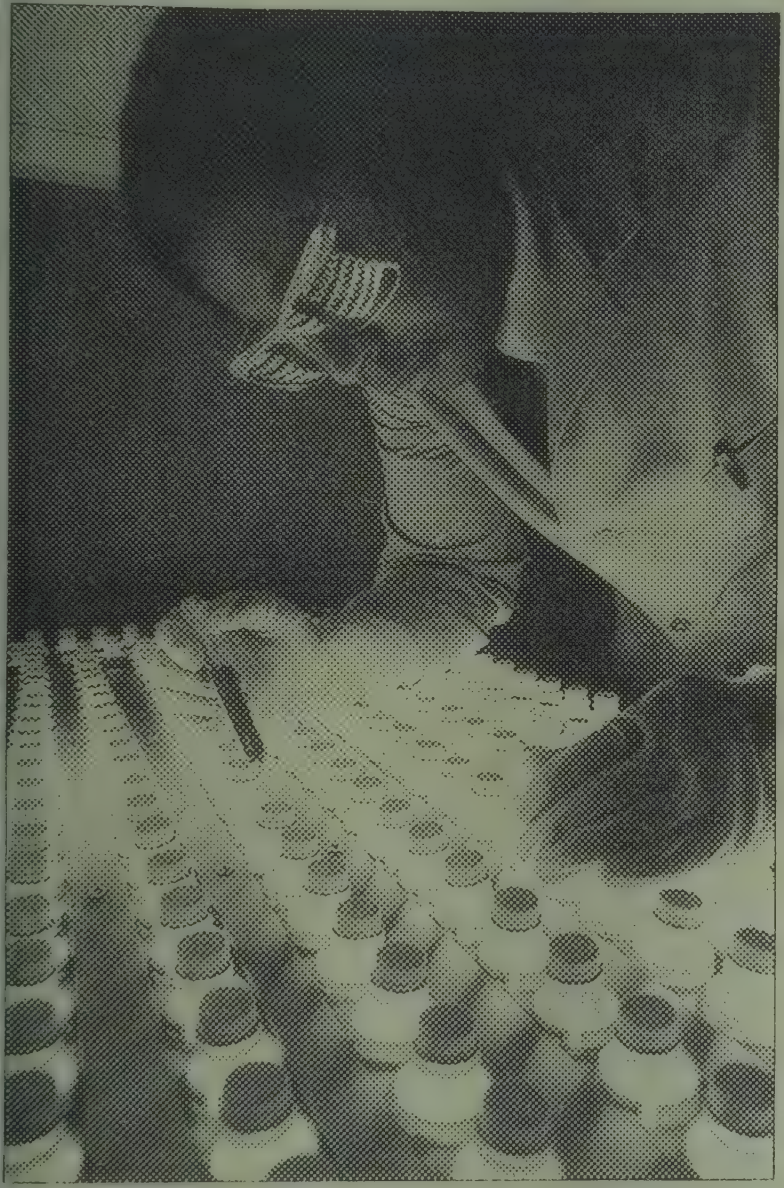

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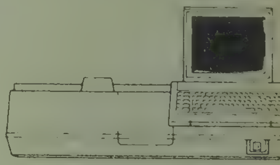

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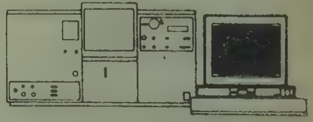

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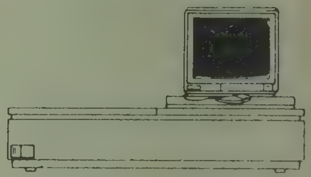

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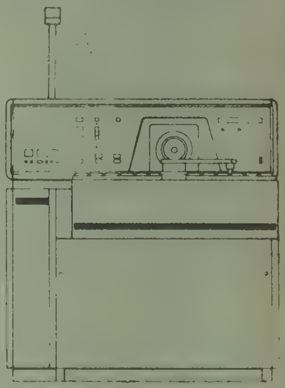

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Lack of funds. On the other hand, Congress(I) leaders in the state say that the NTR government has raked up the controversy over the alleged "abnormal delays" in clearance of state projects to cover up its own failures. The fundamental problem, it says, is the state's lack of financial resources.

For instance, the overall investment required for the ongoing and proposed major and medium irrigation projects and flood control and drainage schemes comes to a colossal Rs.13,000 crores at 1985-86 prices. The cumulative expenditure on these projects until 1987-88 was Rs.2,160 crores, leaving a balance of Rs.10,840 crores. The allocation for irrigation in the state's 1988-89 budget is only Rs.302 crores. "At this rate, the irrigation projects in the state may not be completed in the next four decades," says a Congress(I) functionary.

In the power sector, the ongoing projects in the thermal, hydel and gas-based categories entail an overall outlay of Rs.2,100 crores. The expenditure on these projects until 1987-88 was Rs.610 crores, leaving a balance of Rs.1,490 crores to be spent. The allocation for power projects in the state's 1988-89 budget is Rs.139 crores. Given these resource constraints, these projects are likely to drag on till the end of the century.

The Congress(I) in the state and the spokesmen of the central government have a long list of explanations for the delay in clearing the state government's projects. If only a handful of projects had been refused clearance, these explanations might have had some credibility. But they involve almost all the projects proposed by the Telugu Desam government. One can only conclude that NTR is justified when he accuses the centre of being partisan.

■ SYED MAJEEDUL HASAN

AIRLINE FARES

Striving for parity

Indian fares will rise further with IATA's new currency system.

Since 1 September 1988, most airline passengers are faced with the unhappy prospect of paying higher air fares out of India. The reason — the Indian government had approved a change in IATA's (International Air Transport Association), fare construction unit. The unit is the method that IATA uses to translate one currency into another and, in the case of the Indian rupee, the unit was totally out of line with the rupee's real value.

Big differences. The difference was so much that many non-resident Indians kept money in India and got Reserve Bank permission so as to be able buy tickets in rupees. An economy one way fare from Bombay to New York in May, denominated in rupees cost Rs.13,799. At the same time, a ticket from New York to Bombay in dollars cost Rs.18,912. Similarly an economy one way fare to Tokyo from Bombay cost Rs.9,561, while a ticket bought in Japan and paid for in yen cost Rs.25,016.

After the revision in the fare construction unit, economy and first class fares from Bombay to New York have risen by 17.85 per cent while similar fares from Bombay to London have gone up by as much as 25 per cent. There is still however, a substantial variation between fares denominated in rupees and those in yen and dollars. On the Bombay-New York route, the difference in buying fares in rupees against dollars is 26.21 per cent; on the Bombay-Tokyo route, the difference between rupee and yen denominated fares is 128 per cent.

These anomalies will be finally eradicated when IATA scraps the fare construction unit in 1989. The unit was first devised in 1972-73. The aim was to simplify the process of construction of an airline ticket when a passenger was flying several sectors where different currencies were used. Every currency, had a unit value and as such the process of calculating a fare in one currency when several others were involved, was simplified.

Increasingly complex. The inherent problem with the fare construction unit, however, was that it was based on a system of frozen currency exchange rates The Indian rupee's unit value was base on a dollar being worth Rs.7.27931 whil the real value of the rupee had depreciated sharply below that. Though ther was the provision for using what wer called 'conversion' factors to help reflec the real value of a currency, implementation of such changes became increasingl complex and hard to administer. The result was that the variation in fares between strong and weak currency area became increasingly wide and airline and many governments became unhapp with the system.

When IATA's new currency system i implemented from 1 July 1989, frozen exchange rates and currency adjustmen factors will be done away with. All fare will be denominated in local currencie using the bank rate of exchange. This wi probably mean that Indian fares will ris "The ability of people to pay will have t be taken into account," says Zarine Chinoy, assistant manager (passenger ta rifs), Air-India. In any case fares ar unlikely to remain as low as they hav been for the last decade and the rupee' depreciation will begin to hit air travellers.

However, the increase in fares is no expected to hit air travel. According to M Israni, chief reservation officer, Britis Airways, there is never a clear relatio between increase in fares and a decline i traffic; in fact, demand is likely to gro unaffected. What passengers are going t have to do is bite the bullet and fly.

■ EAPEN THOMA

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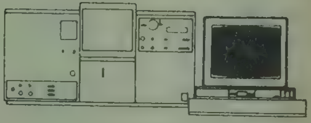

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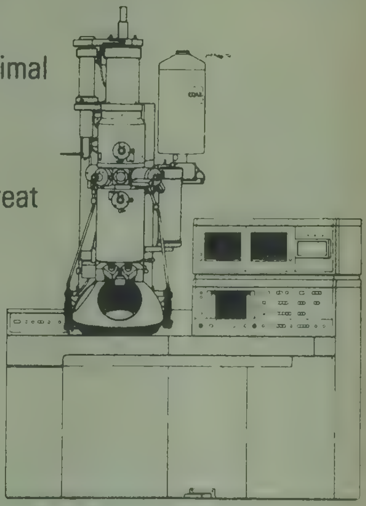

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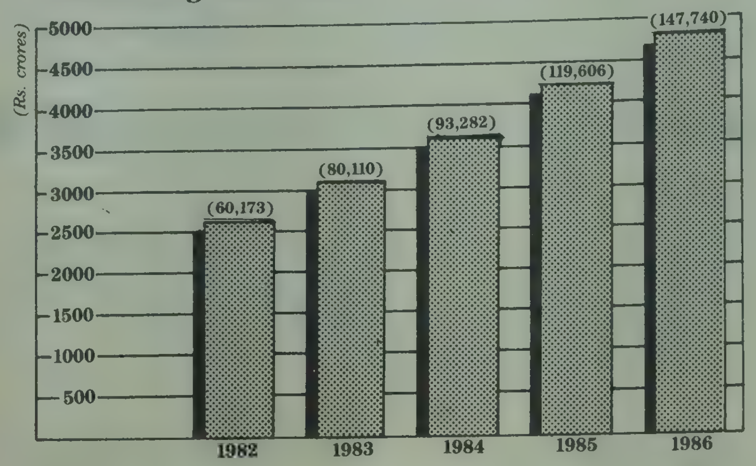
ECONOMIC INDICES

Outstanding bank credit to sick units

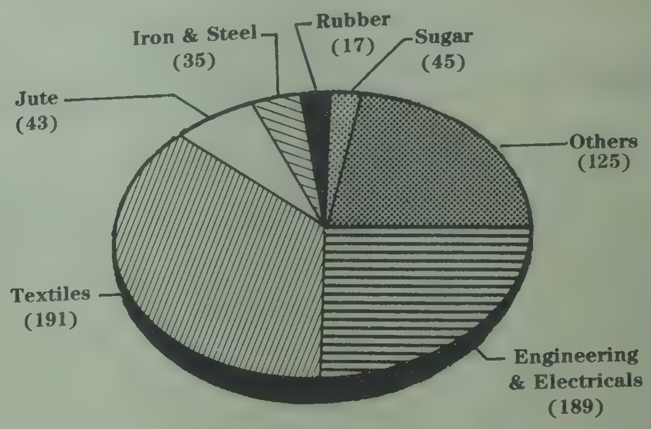


Bank credit to sick industrial units accounted for Rs.4,874 crores in 1986; this was about 15 per cent of the total outstanding non-food bank credit. Out of the 147,740 sick units, 714 large units and 1,250 medium units blocked Rs.3,287 crores and Rs.281 crores respectively.

Figures in brackets indicate number of units

Industry-wise outstanding bank credit of large units

(as on 31-12-86)



The 714 large units blocked Rs.3,287 crores or 67 per cent of the total amount. Of the larger units textiles and engineering and electricals accounted for Rs.1,946 crores or 59 per cent. Maharashtra had the maximum number of sick units (161 units) followed by West Bengal (146) and Gujarat (68).

Figures in brackets indicate number of units

Wholesale price index: The WPI-all commodities has increased marginally. Even though in primary articles prices of cereals, pulses and fibres have increased by 2.7 per cent, the increase has been partially offset by a sharp decline in oilseeds by 6.3 per cent. In manufactured products jute hemp and mesta textiles increased sharply by 15.0 per cent.

(1970-71 = 100)

	13 Aug 1988	16 July 1988	15 Aug 1987	% change over month	year
All commodities	436.1	432.6	411.0	0.80	6.1
Primary articles	413.0	408.6	393.9	1.10	4.8
Mfg. products	415.7	412.5	387.4	0.78	7.3

Consumer price index: The consumer price index for industrial workers increased by 1.4 per cent in June as against 1.7 per cent last year. The index increased for the fourth month in succession. The index for urban non-manual workers showed a rise of 1.5 per cent over the preceding month and was 9.9 per cent higher than a year ago.

	June 1988	May 1988	June 1987	% change over month	year
Industrial workers (1980 = 100)	782	771	715	1.4	9.3
Urban non-manual workers	133	131	121	1.5	9.9

Money and banking (scheduled commercial banks): Broad money (M3) has increased marginally by Rs.372 crores. Bank credit has declined, but food credit has dropped sharply by 15.3 per cent to Rs.1,621 crores during the month under review.

(Rs crores)

	26 Aug 1988	29 July 1988	28 Aug 1987	% change over month	year
Broad mongy (M3)	173,016	172,644	147,044	0.21	17.6
Agg. deposits	127,787	127,388	108,607	0.31	17.6
Bank credit	72,438	72,494	64,306	−0.07	12.6
Food credit	1,621	1,915	4,457	−15.3	−63.6
Credit/dep. ratio	56.69	56.91	59.21		

Industrial production index: The industrial production index h marginally increased in May (2.05%) after falling 12.3 per cent in Apr Steel, crude oil and power generation increased, while coal and ceme production registered a negative growth in July 1988. Railway freig traffic was also lower by 5.70 per cent over the previous month.

	Latest month	Previous month	Year ago	% change ov month	ye
Ind. prod. index (1986-87 = 100)	173.7(5)	170.20	153	2.05	13.
Rly. freight (mn. tonnes)	23.07(6)	24.96	23.71	−5.70	−0.
Crude oil prodn. ('000 tonnes)	2632(7)	2618	2571	0.53	2.
Power generation (mn. units per day)	584(7)	581	549	0.52	6.
Coal production (lakh tonnes per day)	4.23(7)	4.62	3.95	−8.44	7.
Steel production ('000 tonnes)	728(7)	667	632.3	9.15	15.
Cement production ('000 tonnes)	3418(7)	3613	3000	−5.40	13.

(Figures in brackets indicate month)

Bullion prices and stockmarket index: The price of gold in Bomba has declined by 2.2 per cent during the month under review. Silve began on a good note but fell later due to the increase in supply. Th Bombay stock exchange index increased by 20 points because of goo institutional support and general optimism about the economy.

	9 Sept 1988	9 Aug 1988	9 Sept 1987	% change ov month	ye
Gold (Bombay)	3140	3212	2975	−2.2	5.
Gold (London)	1981	1938	1918	2.2	3.
Silver (Bombay)	6206	6252	5219	−0.74	18.
Silver (London)	3059	3055	3144	0.13	−2
Bombay stock exch index (1978-79 = 100)	620.01	600.93	481.71	3.2	28.

The price of gold is in rupees per 10 gms and silver in rupees per kg.

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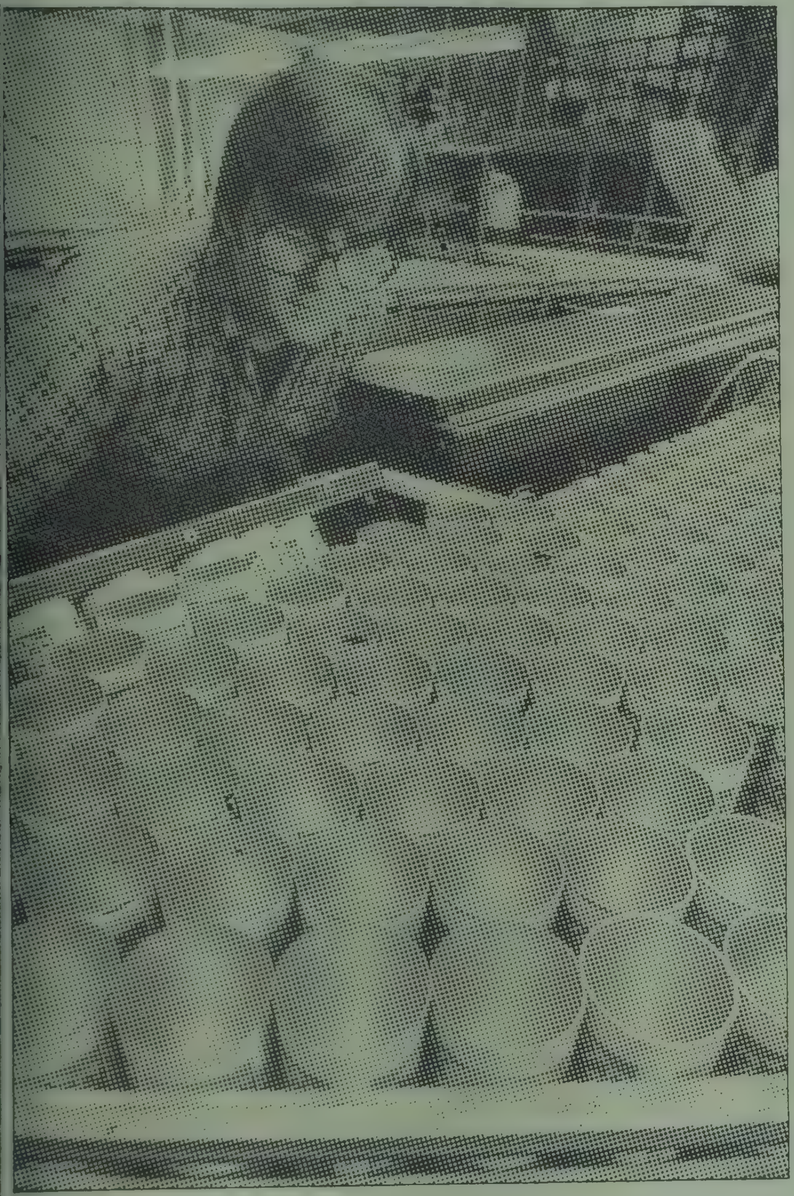

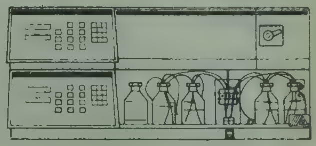

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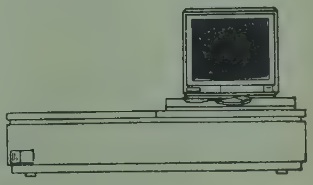

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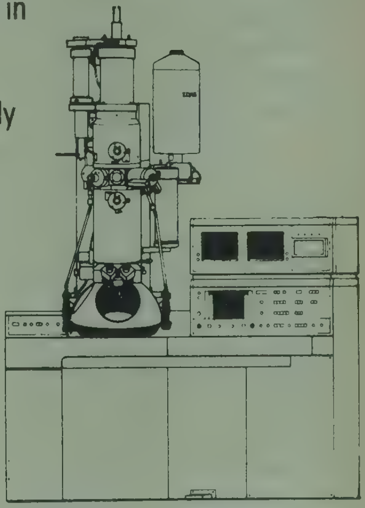

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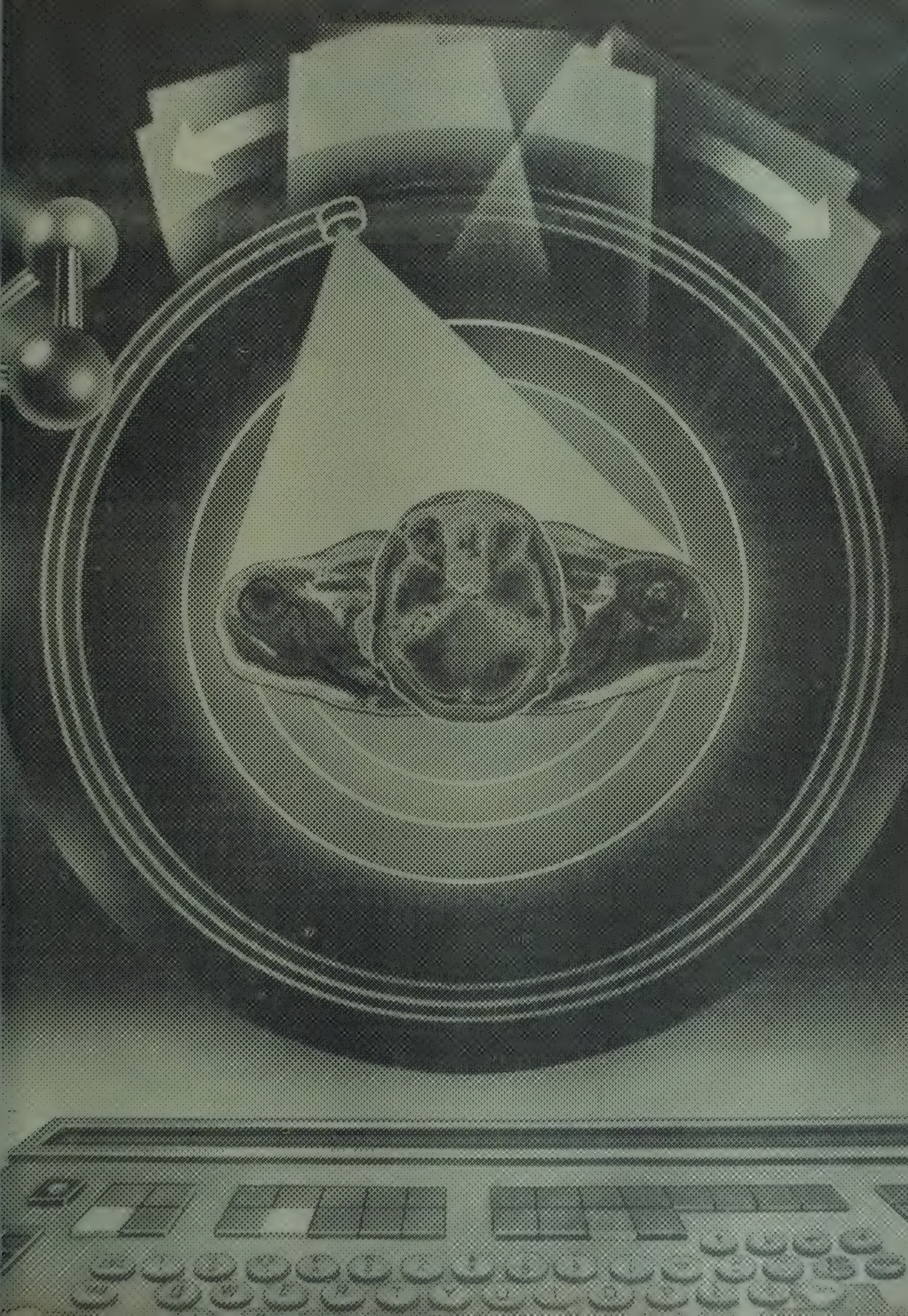

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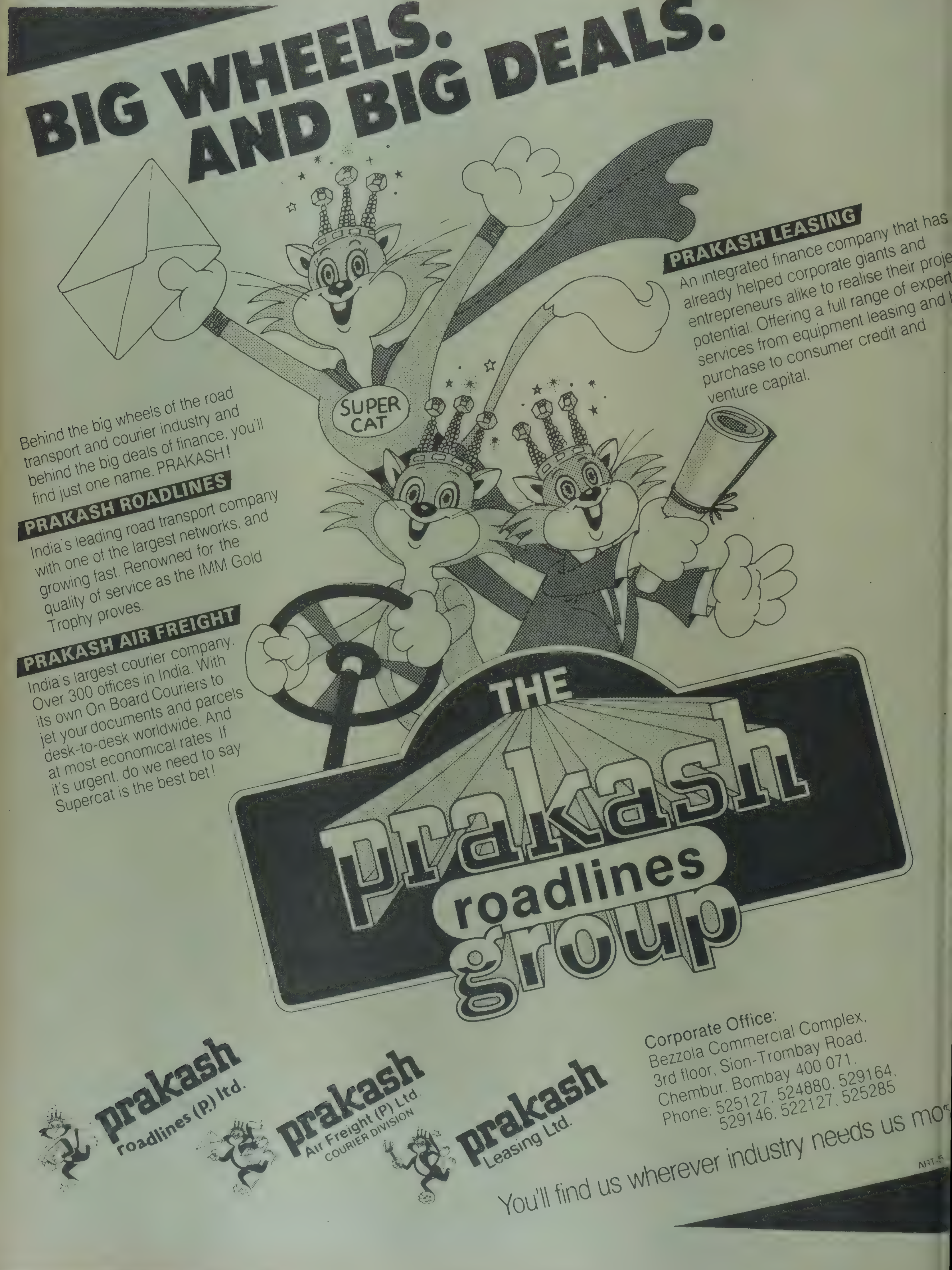

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"The year in perspective"

The year 1987-88 tested the resilience of the Indian economy to the fullest and as the Reserve Bank points out in its annual report the outcome indicates satisfactory management of the economy in a difficult year.

The severe drought coupled with floods in many parts of the country put a strain on the prices of all commodities. But the price rise of 10.6 per cent — though on the high side — can be considered reasonable especially if one compares the rate of inflation of 30 per cent in 1973-74 and 21.4 per cent in 1979-80. To some extent the increase in prices of essential commodities was curbed because of better supply management during the year made possible by the availability of stocks of foodgrains and also timely imports of commodities in short supply like edible oils and pulses.

Also, in 1987-88 monetary expansion as measured by both M3 and M1 was lower than in the previous year. The growth rate of M3 came down to 15.3 per cent (Rs.21,572 crores) during 1987-88 from 18.8 per cent in 1986-87. The monetary expansion in 1987-88 was also lower than the average rate of expansion during the previous three years (1984-85 to 1986-87) of 17.9 per cent.

Monetary policy usually consists of short-term measures and has therefore to respond relatively quickly to be really effective. The cash reserve ratio and the statutory liquidity ratio continued to remain major instruments of credit policy. During the year the CRR was raised thrice from 9.5 per cent to 10 per cent, from 10 per cent to 10.5 per cent, and finally to 11 per cent.

In order to moderate the growth in overall liquidity of the banking system without affecting the credit requirements of key industries, the SLR was raised from 37.5 per cent to 38.0 per cent of net demand and time liabilities. But inflation in India is more a cost-push than a demand-pull inflation and therefore the mismatch between demand and supply does not push prices up as in many other countries.

In spite of the severity of the drought food production in 1987-88 fell by only 4.9 per cent compared with the previous year. This decline seems negligible when one compares the decline in 1979-80 when the production of *kharif* food grains declined by 10.0 per cent and of *rabi* by 13.7 per cent. The year 1987-88 has, in a way, shown the resilience of Indian agriculture. But it remains to be seen whether we can get out of the production rut of 150 million tonnes into which we have fallen.

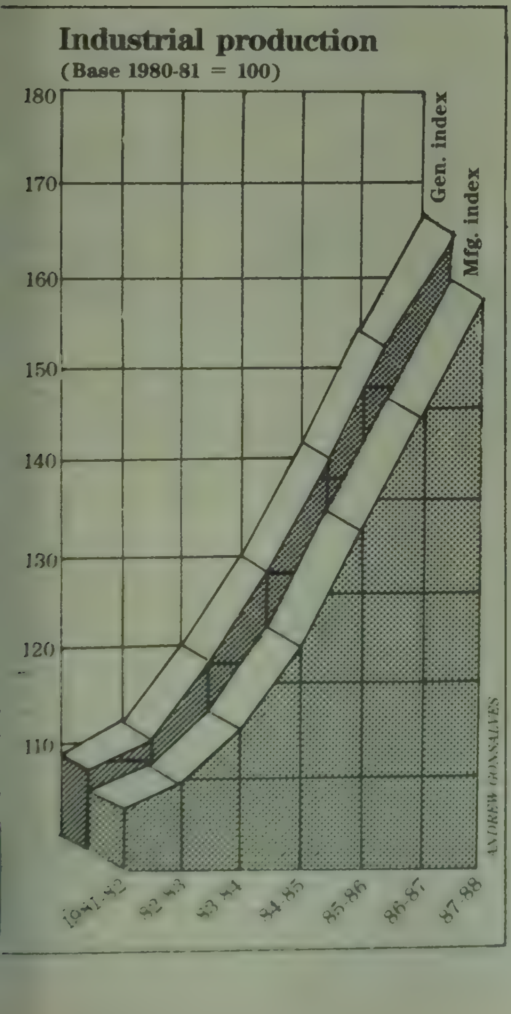
The fall in agricultural production usually has an impact on industrial production. But contrary to the general impression that industrial production would decline significantly during 1987-88, the actual decline was marginal. The index of industrial production recorded a rise of 7.7 per cent in 1987-88 as against a rise of 9.1 per cent in 1986-87. The impact of the drought on industrial production was less than in previous years because, as the report rightly points out, the performance of infrastructural sectors, particularly coal and oil-based generation of power, was better than expected; better availability of imported industrial inputs was another factor which served to cushion the impact of the drought.

In the manufacturing sector electrical machinery and miscellaneous products recorded a growth rate of more than 15 per cent. Chemicals and basic metals and alloy products grew between 7 and 15 per cent. In contrast, jute textiles, other textile products, non-metallic mineral products, machinery and machine tools, beverages, tobacco and wood products declined by 10 per cent or more.

But if India is to compete it is necessary not only to increase production but also to reduce the unit cost of production. In general the unit cost of production has been rising, thereby putting pressure on the capital output ratio.

However, during 1988-89, in spite of a good monsoon and expectations of a good harvest, the Reserve Bank is to pursue a cautious monetary policy to make sure that inflation is kept within limits.

ASPI CONTRACTOR


Industrial production
(Base 1980-81 = 100)

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TERNAL DEBT TRAP

Limited options with government

he unbriddled growth in public debt has een a matter of concern in recent years. or two years now, the Economic Survey f the government of India has been haring on "the emergence and widening of ie deficit in current account since 979-80".

The Survey observed that the deficit, as proportion of GDP at current market rices, which was only 0.6 per cent in 979-80, had reached a level of 2.1 per ent in 1985-86 and 2.5 per cent in 986-87. It warned that the centre's bal- ice of current revenues — over 2 per ent of GDP at current market prices in 978-79, had been eroded in recent years, rned negative in 1986-87 and could be xpected to worsen.

The Long Term Fiscal Policy (LTFP) ojected the levels of market borrowings id budgetary deficits as a proportion of e GDP during the Seventh Plan period. ie policy concluded that "the projected eventh Plan shares for the two components are noticeably lower than the ac- al corresponding averages for the Sixth an and reflect our concern that the vernment's recourse to bank credit be ntained to levels with reasonable price ability". The Reserve Bank of India BI), in its annual reports, especially of e last two years, has also underscored e need for checking the growth in non- an, non-development expenditure and keeping under control the growth in iblic debt of both the centre and states. milarly, in the latest report on public bt, presented before Parliament on 29 ly 1988, the Comptroller and Auditor eneral (CAG) observed that the government's total liabilities have increased by 9 per cent, from Rs.59,749 crores in 80-81 to Rs.166,546 crores in 1986-87. e report pinpoints the high level of rrowings by the government as being sponsible for the situation where the bilities of the government exceed its sets. This excess, which stood at Rs.79 ores in 1980-81 rose to Rs.22,477 crores 1986-87 and is likely to rise further to 40,079 crores in 1988-89. The report rns that if the present rate of borrow- g continues, the government will be quired to manage an extremely difficult ernal debt situation.

The report further observed that the imated borrowings of Rs.7,000 crores ring 1988-89 would be barely sufficient to meet the interest payments of Rs.7,027 crores on internal debt alone. After 1988-89, the interest burden arising from cumulative public debt outstanding would be much higher than before, thereby necessitating a larger amount of public borrowing.

At the ninth public sector banks' economists meet held in New Delhi on 30 May 1986, the wisdom of the recommendations made by the Report of the Committee on Monetary System (Chakravarty Committee Report) to hike interest rates on treasury bills and long-term government securities to mobilise a substantial portion of household sector savings was challenged. Under Indian conditions, treasury bills and government securities have a very limited but captive market.

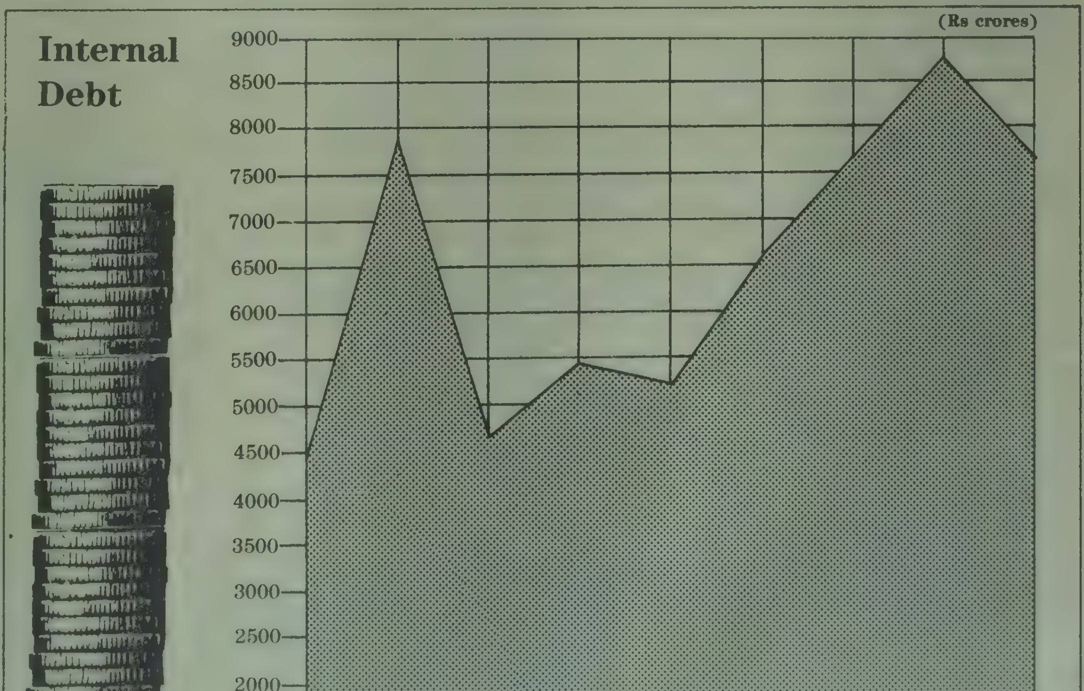
A survey of the ownership pattern of government securities, conducted by the RBI's research department some years ago, revealed that more than 92 per cent of government securities were held by governmental and quasi-governmental institutions, while individuals accounted for the rest. A recent estimate by the same source has now pegged the former group's holding at 99 per cent. Thus, the assumption that an increase in interest rates on treasury bills and government securities will attract large amounts of savings from the household sector does not appear to be justified. On the contrary it was feared that such a measure would increase the debt burden on the government rather than reduce the level of deficit financing.

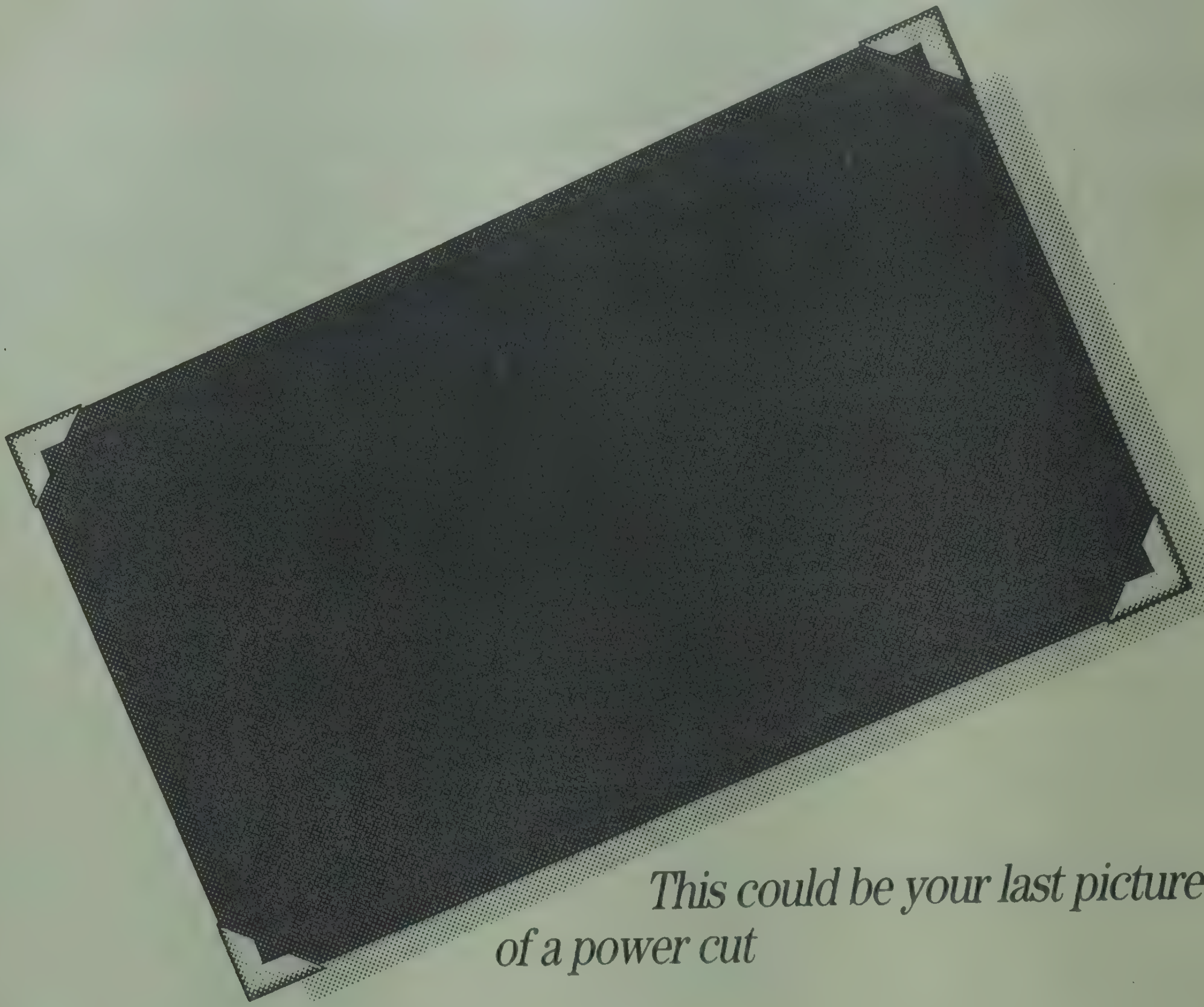
The four parameters on which the internal debt trap concept could rest are as follows.

First, it is generally argued that government borrowings facilitate asset creation which in turn and time take care of debt repayment. However, experience points the other way. By and large, government borrowings have been used for non-plan, non-development expenditure rather than for asset creation.

Second, even if it is assumed that a significant proportion of public borrowings is invested in productive enterprises, there are inordinate delays in the fructification of investment. As a result, the growth rate in debt burden continues to rise unabated as interest charges pile up.

Third, as stated earlier, government securities and treasury bills have a captive





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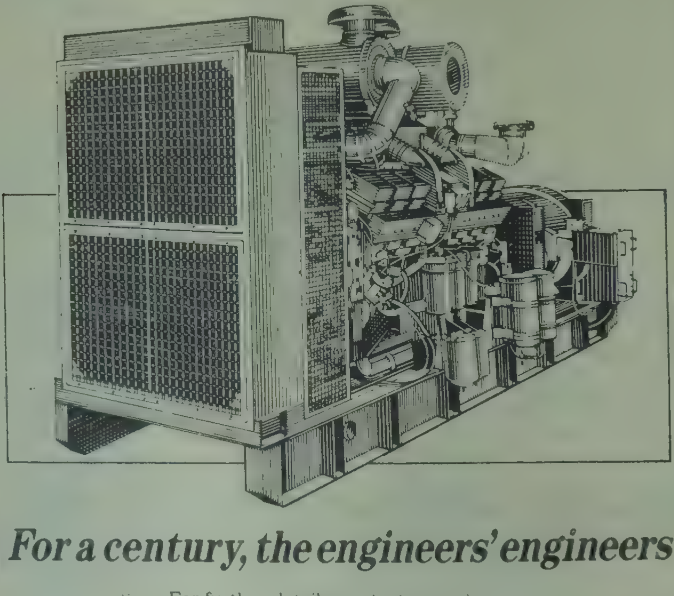

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market and the household sector savings account for an insignificant proportion of the government's total public borrowings. The situation would not undergo any drastic change when interest rates are increased.

Lastly, with the acceptance of monetary targeting by the government, it would not be possible for the RBI to absorb the residuary portion of the government's loan tranches any longer.

While discussing the problem of mounting public debt, attention has been focused only on the demand side — how much should the government borrow, at what rate of interest should it borrow, what should be the maturity pattern of the loans, etc, etc. The supply side has been taken for granted. Given the historical market reactions to government loan tranches, the peculiarities of the ownership pattern of government securities, the RBI's role in the initial cash subscriptions to central loans, and the four parameters outlined earlier, it becomes obvious that the market for government borrowings is severely limited. It could well be concluded that India has already arrived at that limit.

What then, are the policy alternatives for the country to extricate itself from the fiscal crisis in which it finds itself today? The options are very limited: further recourse to deficit financing, larger absorption of "residuary" loan tranches by the RBI, and external borrowing to finance internal fiscal deficits. But, even a cursory examination of each makes it obvious that they would only aggravate the current fiscal squeeze. There are, however, other methods which have been successfully applied elsewhere.

A tried formula, adopted by some industrially developed countries, is to place a statutory ceiling on public borrowing by the government. Article 292 of the Indian Constitution empowers the government to borrow upon the security of the Consolidated Fund of India within limits that may be fixed by law.

What then, are the policy alternatives for the country to extricate itself from the fiscal crisis. The options are very limited: further recourse to deficit financing, larger absorption of "residuary" loan tranches by the RBI, and external borrowing. But, even a cursory examination of each makes it obvious that they would only aggravate the current fiscal squeeze

However, problems arise when that ceiling has to be decided on. First, at what level and how would the ceiling be fixed; and second, should the power to raise the ceiling level "under exceptional circumstances" be denied to Parliament? "Exceptional circumstance" as we all know, is a Cinderella phrase which cannot be strictly defined in the statute books.

Another procedure which might be applicable in India is enunciated in the Gram-Rudman Balanced Budget Law of the US. The Ninth Finance Commission appears to have found merit in this "model", whereby the revenue deficit is gradually phased out to zero level over a period of six years. To quote the discussion paper, the "endeavour should be to phase out this revenue deficit during the next six years..., so that by 1994-95, not only would the revenue deficits for the Centre and the states, taken together, be wiped out, but also they would separately balance or have surpluses in their revenue budgets".

It must be noted, however, that even on its home ground, the Gram-Rudman Law did not meet with sufficient success. In a country like India, it is doubtful whether this sort of "Six Year Plan" of deficit reduction will prove more successful than the Five Year Plans! Further, the government is bound by various commitments imposed on it — such as the decisions of the Pay Commission; policies enunciated by Five Year Plans and approved by the National Development Council; and expenditures both within and outside the country authorised by Parliament. And then, from time to time, there are demands for drought and flood relief, etc. A mechanistic formula, laboriously evolved by adopting a "normative approach" would easily break down under these circumstances.

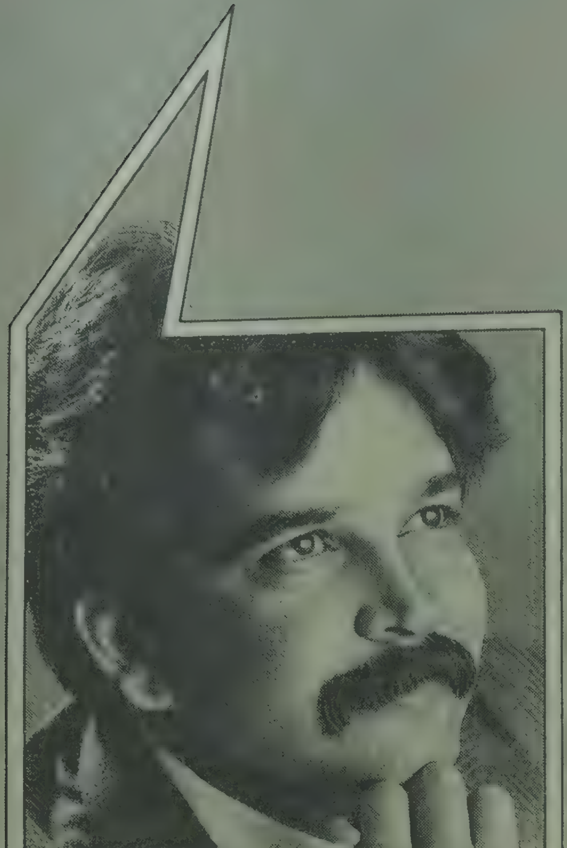
Another option, the disaggregation model, merits examination in this context. The entire public borrowing by government (with the exception of a small proportion) should be earmarked only for productive purposes. Each loan tranche should have "tags" of specific projects/areas in which it is invested. The minimum yield and the maximum gestation period should be defined and government should be made accountable to Parliament on these counts. This has the twin advantages of checking the diversion of government borrowings into unproductive channels, and identifying the projects/areas where proper utilisation of investment has not been made. The rate of interest, maturity of the loan, etc, may be determined on the basis of average expected yields of investments made in different projects, and the average of their gestation periods.

It appears that some critics are impressed by this concern for mounting public debt. That was why perhaps the whole exercise conducted on the internal debt trap was dismissed as an "accountant's scrap book because there is no economics in it". Another critic went even further to say, "There is no optimum level of public debt as a proportion of GDP

It appears that some critics are impressed by this concern for mounting public debt. That was why perhaps the whole exercise conducted — and later publicised in the RBI Occasional Papers in June 1987 — on the internal debt trap was dismissed as an "accountant's scrap book because there is no economics in it". Another critic went even further to say, "There is no optimum level of public debt as a proportion of GDP. Countries like the UK have lived with a debt-GDP ratio of 100 per cent. Others with a lower ratio have gone through traumatic experiences. So it depends on many factors".

International comparisons are sometimes misleading. If public borrowings are largely utilised for productive purposes, a high debt-GDP ratio need not be a cause of concern. In the absence of this pre-requisite, the comparison becomes irrelevant. It would be like asking, when a country like Bolivia could live with an inflation rate of 5,000 per cent, why should a developed country like West Germany get jumpy when its inflation rate goes beyond 7 or 8 per cent? Or, it would be like asking, why should India get worried if the inflation rate goes up to 20 per cent when it did live with such a situation a decade ago! ■

S R K RAO



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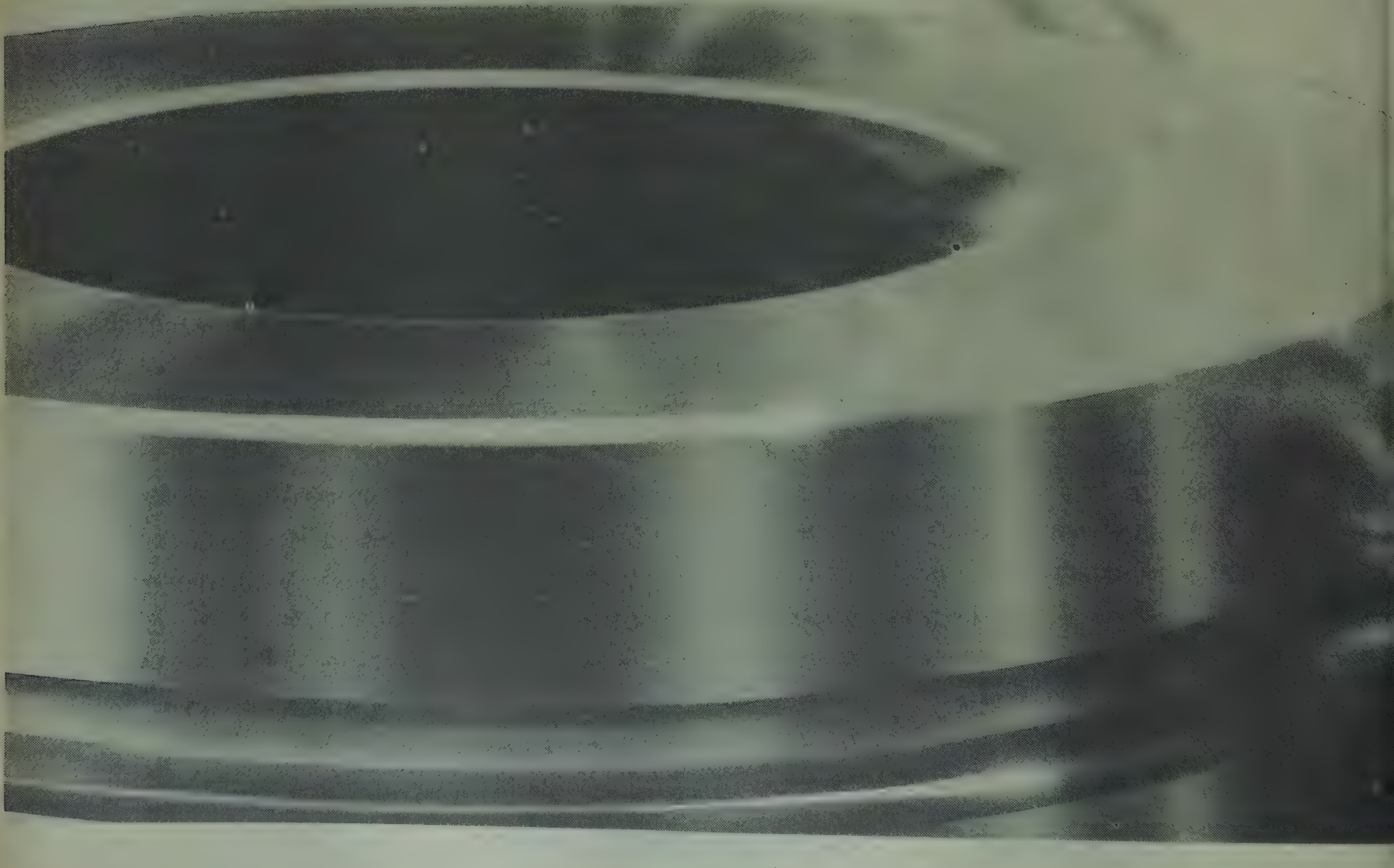

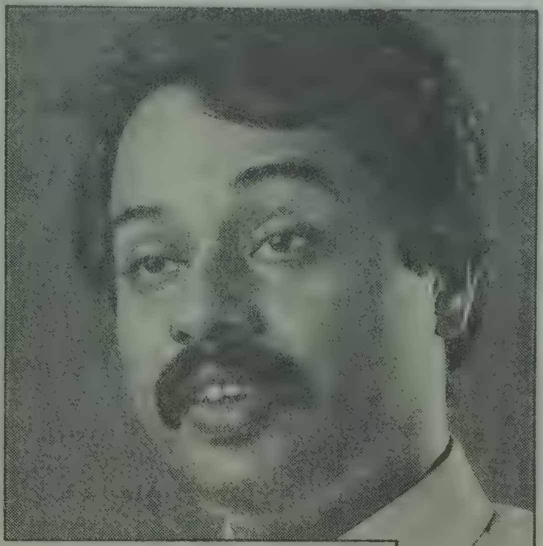

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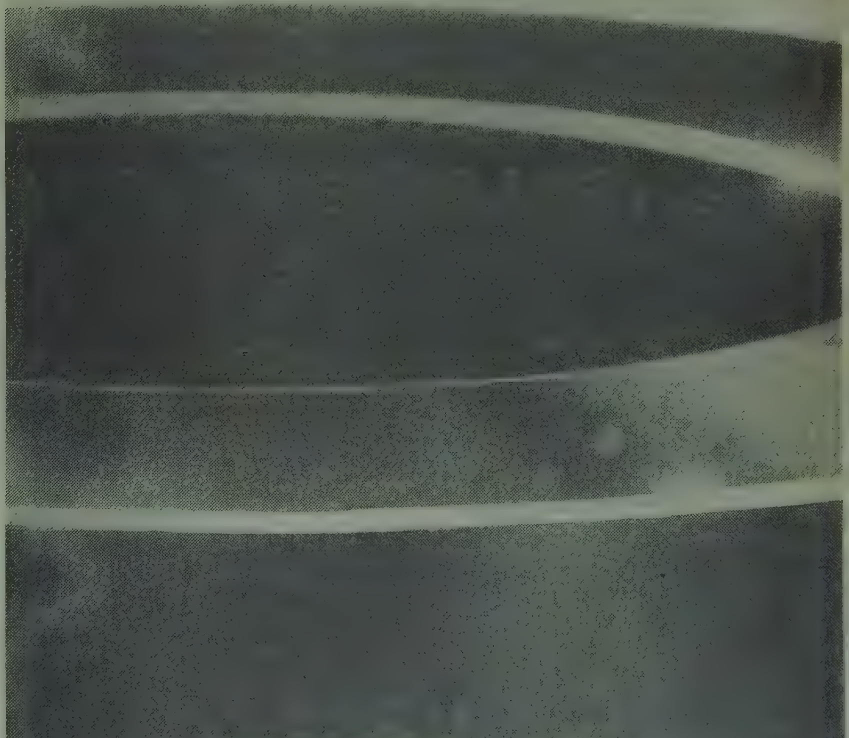

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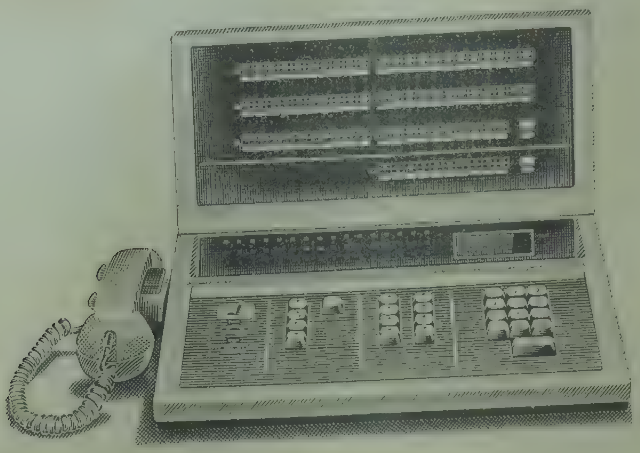

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Karishma/TT/31/2418 B

The bureaucracy begins to murmur

In a series of three disasters, Rajiv Gandhi has managed once again to mangle himself. The Sanjay Singh arrest, the attack on Andhra Pradesh MLAs and the Defamation Bill, all took place in quick succession. The outrage that each of these events has generated severally and jointly is likely to last for a long while. What is even more certain is that it will provide excellent ammunition for the opposition at the hustings.

Leaving aside the repercussious of these blunders in the future, they have already had a substantial impact on the way the Rajiv government is perceived in New Delhi. For a start, the bureaucracy has begun to snigger aloud. This is a recent phenomenon. During the height of the Bofors scandal, one would find dutiful bureaucrats, who questioned the evidence and doubted the details. Today, that sliver of loyalty is lost and senior officials state openly that the government seems to be hurtling towards disaster. The cynicism that the inept handling of all the three events listed above has generated is also indicative of the fact that most of these acts were conceived of, planned (if that word can be used), and executed by the political coterie that surrounds the prime minister today. Acting out the role of hands-on politicians, in a mindless aping of their pilot-leader, the new brand of inner coterie courtier is now worrying about detail and dispensing with bureaucratic advice.

A sniggering bureaucracy has its dangers for any government, however shielded it may be from defamation. The fact that the doubts are now being expressed by the most senior of government officials is a sure sign that the Rajiv government will stand exposed regarding many more scandals. The scandals that already blot this government's track record are, according to several insiders in New Delhi, only a fraction of the dubious deals that have actually been concluded. The litany of horrors is only likely to increase, they say. What is worse is that, according to the brokers who people the capital, the enthusiasm for big deals seems to have increased recently as the present government's end of term heaves into sight.

This expected spurt in corruption, which V.P. Singh has annexed as his "issue", and its probable exposure, is now being linked in the public mind to the matter of the Defamation Bill. Thus, besides having invoked the ire of the media and the fears of those who value freedom, the Defamation Bill is now expected to have a widespread political reaction.

With the bureaucracy having chosen this bill to begin venting "publicly" its displeasure with the government, it is now certain that the present regime has, in a sense, lost yet another support structure. The Defamation Bill, in the form that it finally emerged, is the product of what can best be termed the new political executive. It is not known to most people that at least two senior secretaries and two senior additional secretaries had opposed the bill in its present form.

Since the bureaucracy has a relatively clean slate on the subject, it is obvious that the political players engineered this disaster (as also the Sanjay Singh mess and the lathi charge on the A.P. legislators). Those who form the PM's cabal knew at the start of the monsoon session that the Defamation Bill would be hustled through in the last few days. What is not known widely is that besides full cabinet discussions on the subject, the over-eager PM had assigned one full committee of cabinet colleagues and a subcommittee as well to discuss the details of the bill.

And, as the bureaucrats who have turned cynical critics mutter today, if the politicians cannot foresee the political backlash, no wonder they feel, they need to do without us.

Then, the rains came ....

Industry has reason to be buoyant about the rains. The steady pitter-patter could soon translate into more purchasing power in the rural sector. The burgeoning demand for goods may well help temper the effect that increased competition has recently been having on bottomlines in many companies.

For rather different reasons, the bountiful monsoon has been the source of great cheer in New Delhi. As news trickles in of downpours from near and far, Krishi Bhawan is confident that agricultural production is on the mend. The bout of droughts in several parts of the country is now over, say agricultural experts. They believe therefore that grain output, which had caused considerable concern some time ago, may now be on the upswing. The prospects of immediate starvation if these rains had also failed suddenly seem far away and the Alagh plan that the government had on the back burner is probably regarded as superfluous already.

Last month the agricultural wizard, M.S. Swaminathan, who was in town, seemed confident that matters were not bad. The new thrust on raising productivity in eastern U.P. and Bihar was, in Swaminathan's view, likely to be successful if other components could be simultaneously provided. And by this he meant certain minimal agricultural reforms that would ensure that higher productivity and output would be translated into incomes and therefore incentives to actual cultivators. Given socio-economic conditions in the east UP-Bihar region, such parameters seem difficult to alter In Swaminathan's view, the success of the green revolution in Punjab was just as much attributable to technological as societal factors. The unspoken corollary therefore is that unless the facts on the ground change in UP and Bihar, the expected green revolution in eastern India may prove illusive. Which will in turn have its implications the next time round when the rains fail.

As far as industry is concerned, besides the burgeoning of demand, the monsoon of 1988 could be the harbinger of more good news. If government revenues rise and the drain of relief expenses is lessened, the impact on budget making could be substantial. For industry, therefore, the months of October and November, when the keel for the budget of 1989 is being laid, could well be crucial. This then could also be the time for pressing for tax reliefs — of the corporate or the excise variety. And, with a new team in place at the finance ministry, success could go to the bold. As the new chief economic advisor, Nitin Desai, and the new revenue secretary, Nitish Sen Gupta, go through their paces, industry would be well advised to make its contribution to the budget-making exercise.

■

DILIP CHERIAN

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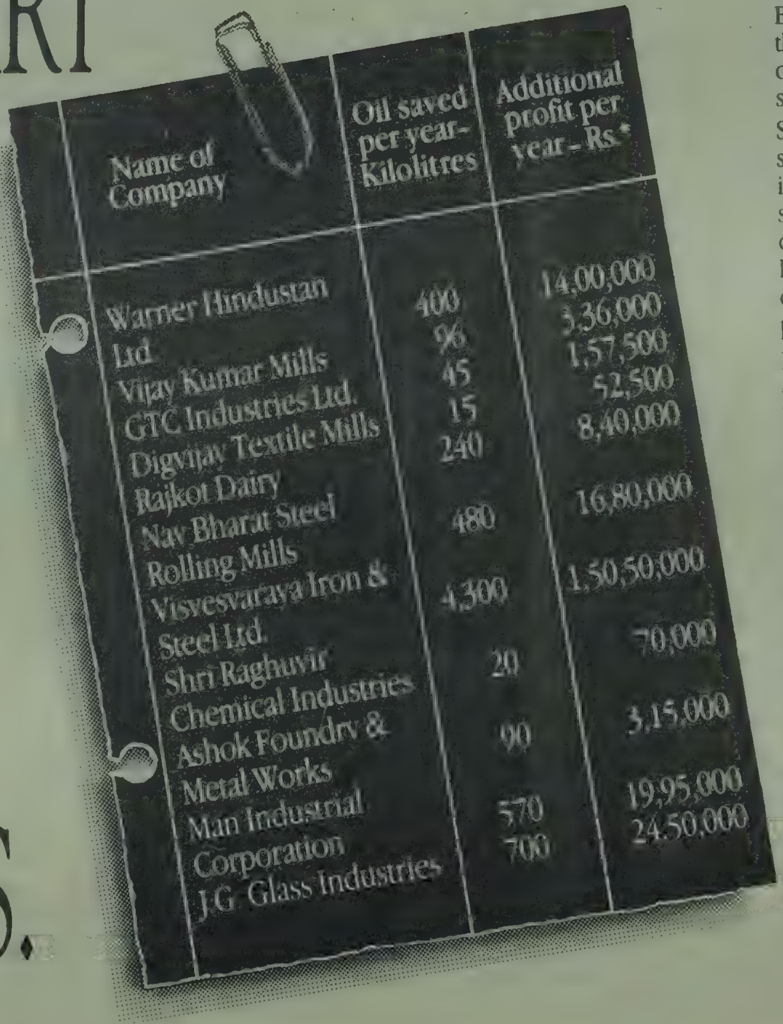

Name of Company	Oil saved per year-Kilolitres	Additional profit per year - Rs.*
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Vijay Kumar Mills	96	3,36,000
GTC Industries Ltd.	45	1,57,500
Digvijay Textile Mills	15	52,500
Rajkot Dairy	240	8,40,000
Nav Bharat Steel Rolling Mills	480	16,80,000
Visvesvaraya Iron & Steel Ltd.	4,300	1,50,50,000
Shri Raghuvir Chemical Industries	20	70,000
Ashok Foundry & Metal Works	90	3,15,000
Man Industrial Corporation	570	19,95,000
J.G. Glass Industries	700	24,50,000

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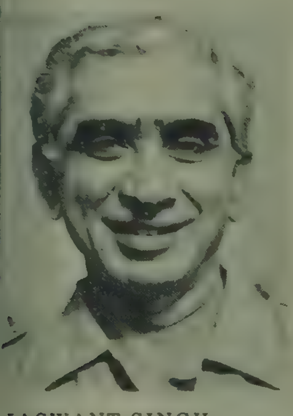

JASWANT SINGH

Heroic leadership

I read recently the review of a book *The Mask of Command* by John Keegan, which, though a study of military leadership, covers in its sweep an attempt at understanding the role of the heroic as well. Four men in particular, in Keegan's view, the Duke of Wellington, Alexander the Great, Ulysses S. Grant and Adolf Hitler represent heroism and leadership, that is "aggressive, exemplary, risk taking".

According to Keegan, all of them, in a sense, are of heroic dimensions but before they could be so they had to test themselves "on the open field, with armies clashing, face to face in the.....terrible unity of time, place and action"; and to prove their "powers of anticipation, flexibility, quick thinking, patience, spatial perception, thrift, prodigality of resources, physical courage and moral strength". All these four were compelled to sustain their followers' faith in their heroism; and to build around themselves that indefinable mystique of the leader, the "mask of command". Ours, however, is such an unheroic age; of uninspiring pedants and incompetent hacks that Keegan's views made me ponder.

The "heroic" is not to be judged by the ordinary, by the criteria of conforming conventionality. Its range and that of the heroic ideal stretches, in Camus' paraphrased words, to both extremities of thought: from the glorious to the base. And of course, there just cannot be a heroic leader without overvaulting ambition, and then courage — physical and moral. Alexander, for example, carried the evidence of his personal courage on his own body; as did Rana Sanga, who had 80 battle wounds. Alexander said once in a speech to his army that he had been struck at, almost all over his body, by every weapon available to his enemy then — sword, lance, darts, arrow and catapult missile. And his soldiers treated each of his wounds as their own.

COMMAND PERFORMERS

No leadership then is totally devoid of the histrionic. Hitler was a great example of that, but not all leaders adopt theatricality, which, for example was viewed with contempt by Wellington and with indifference by Grant. In contrast to Alexander, Wellington never made speeches to his troops, rarely spoke to them unless issuing commands, which were never grandiloquent, being given in single words or phrases. For Keegan, Wellington was perhaps the most perfect embodiment of "gentlemanly idealism, reticence and sensitivity; being 'unself-seeking', personally disciplined, sober, in dress, conduct and speech, and all the time married to complete self assurance". Grant, on the other hand, was "not a gentleman" and certainly did not look like one, "with his whiskers, slouch hat and not overly clean" uniform worn without care, "with mud-spattered boots and a cloud of cigar smoke that always surrounded him".

If Grant's was "unheroic leadership", in Keegan's phrase, and Wellington's the attitude of an "anti hero", then is it that heroic leadership, as such, has lost all meaning in our times and that in our world, "an active leader" is one who does nothing, sets no striking examples, says nothing. Or postures to be heroic when he is not; confuses a flurry of ill thought actions for 'activity'; a mass of verbiage for stirring messages, and considers that he is setting an example best when he is most tinnily smug.

I do believe that given the primacy of politics in our national life, it is the absence of the heroic and the inspiring, in this sphere, which is our single greatest debility. In which context, as an example of great political leadership comes to mind, Theodore Roosevelt: "an immense glowing human being, a man with spirit and intellect, courage, generosity and wisdom."

MAN FOR ALL SEASONS

Look at all the many things that he did in a single life span. He charged at the head of his cavalry at St. Juan in the Spanish War; in the wide open spaces of the American West, rode range as a cattle herder, disarming gun-toting criminals with his "bare fists"; returning after all these, fit for high office. And when he got to the office of the Presidency of the United States of America he brought to it the power of a Harvard-trained and "constitutionally voracious intellect", with leonine physical stamina; and the "spirit of adventure of a child".

Having concluded the Nobel Prize-winning negotiations of the end of the Russo-Japanese War; remarkably, for a head of state, Roosevelt went out on the high seas for a perilous dive in a primitive submarine. As president, he arranged the digging of the Panama Canal; he struck at the stranglehold of American monopoly and trust; legislated against child labour, and so many decades ago he warned American industrialists that they had "turned the rivers into sewers and had polluted the air".

It was his presidency that rescued 230 million acres of land, including the Grand Canyon and established 55 wildlife sanctuaries in the US. He worked for the idea of the League of Nations. During an election meeting, he was shot at. The bullet was stopped by the thickness of the speech in his breast pocket: One is tempted almost to burst out in applause.

The author is a Member of Parliament

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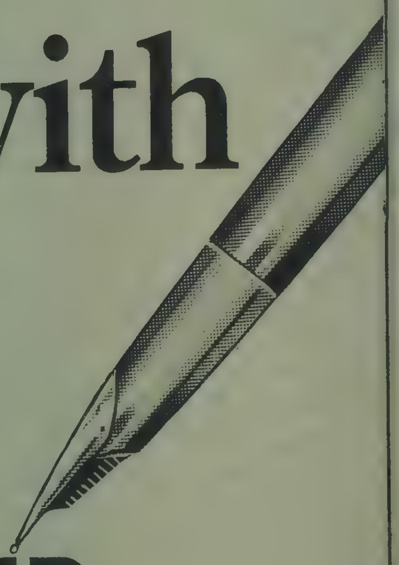

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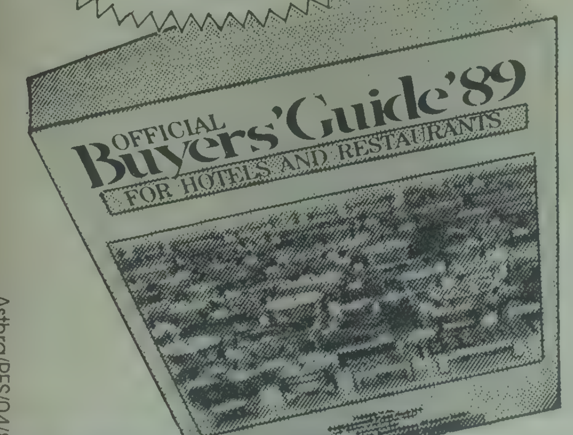

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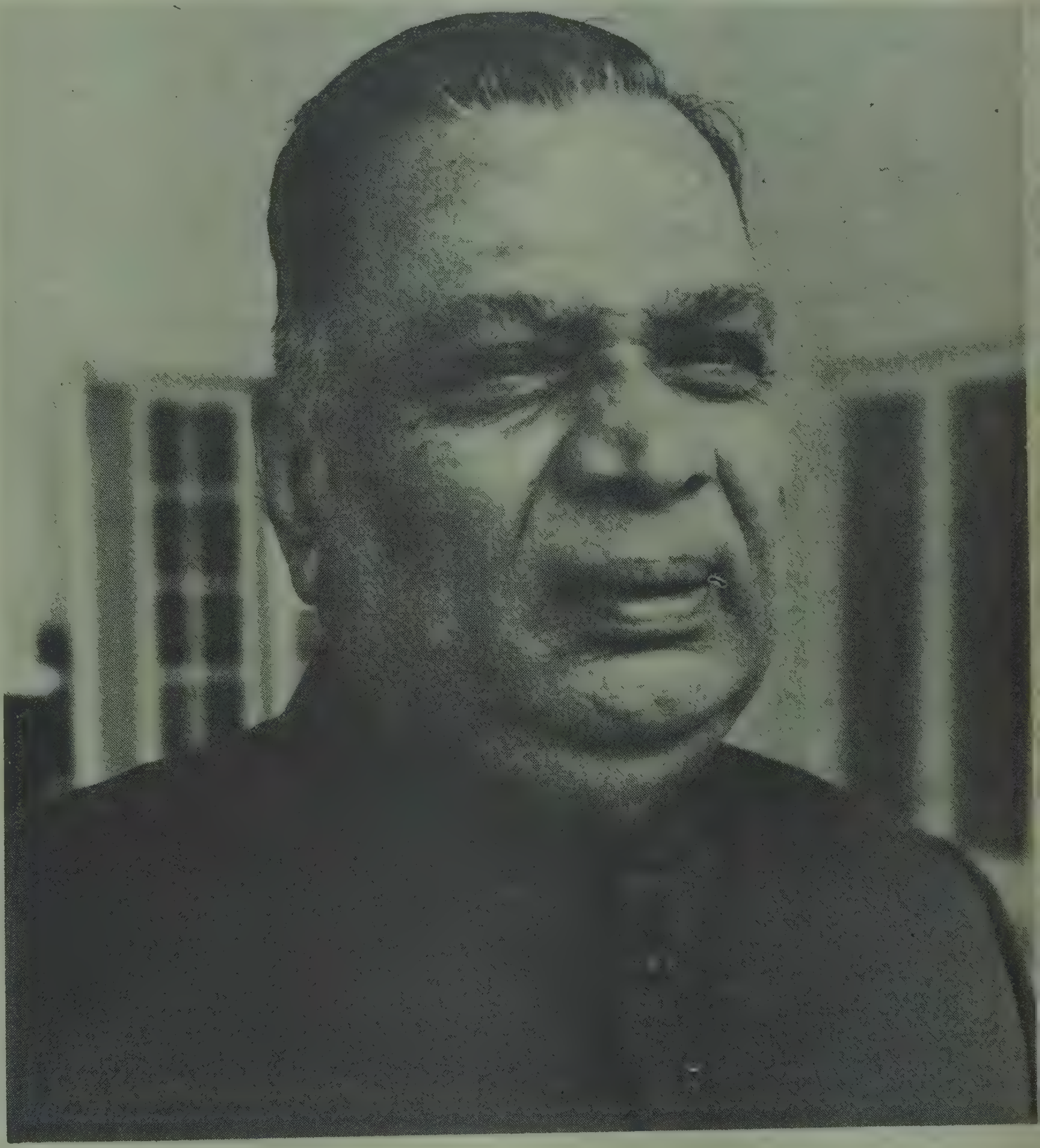

What is the rate of growth you feel we can achieve in the next two years?
Things seem very promising, both in the agricultural sector as well as the industrial sector. The RBI has recently given an assessment. They are expecting a growth rate of about 9 per cent, but I was projecting that it will be between 7 to 8 per cent this year.

But do you feel that like some Pacific countries or like Japan for instance, we are entering a phase where we can expect 8 to 9 or 10 per cent growth year after year, irrespective of the monsoon?
I don't think that that would be a correct projection. At the stage of promulgation, we'll have to be rather conservative because ultimately the whole thing depends on availability of resources. If there are effective resources then you can plan for any rate of growth you like.

It will be better if we plan for a smaller rate of growth and show a better result than go for a very high growth rate and thereafter go on explaining that this has happened and that has happened. That is my projection. It will also depend upon the full meeting of the Planning Commission and how they feel about it.

Talking about resources, do you think we are walking into an internal debt trap?
I don't think we can say that, though I am aware of the fact that internal debt is increasing. But this is a legitimate resource that we can definitely exploit for developmental purposes. Instead of going to the other countries and going into a debt trap, this is the best method and you have a legitimate resource.

Just to go back a little, on this question of an internal debt trap, there is some speculation today that we are likely to go in for an IMF loan. What at the moment is the current requirement and your projection for the next two years?
But I don't think we need to go to the IMF for this purpose; we'll be able to manage the balance of payments. We have made projections and I feel quite confident provided we are prepared to follow a particular discipline.

What are the measures that you would like to have that will be effective during the life of this Parliament?
As far as the Seventh Plan is concerned, I feel that some of the measures, though they may look rather unpalatable, will have to be carried out to reduce the non-plan expenditure to the extent possible. We also have to think in terms of giving up schemes which have lost all their relevance. Third, there are certain areas which are supposed to be sacrosanct and not supposed to be under scrutiny. But we will scrutinise these also, in the same way as we do the others. Even there we'll have to take a very positive and effective stand, a very pragmatic view.

My question is slightly different; it is partly a political question. Recognising the realities of the coming elections in 18 months time at the most, what are the measures that you as finance minister could implement to make a difference between now and then?
When the budget is presented next year, you'll come to know.

Let me ask a general question. With the increasing government receipts, would you say that tax liberalisation has worked? And if so, do you see us moving further in this direction?
Regarding the liberalisation, it is too early for me to pass any judgement whether it has worked successfully or not. At least the indications are that it has given some good results; it might be a temporary phase, I can't say.

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What could the finance minister do for example, to help create jobs? No finance minister has ever given tax allowances for creating jobs; allowances are always for investment and machinery or plants. All over the world, in the US, the UK, specific incentives are given for creation of jobs.
At least I have not heard any talk of this approach to the problem.

Coming to the capital markets, except for the reasonable success of the Reliance issue recently, many companies are shying away from what they think is a depressed market. What is your view of the state of the stockmarket?
From the reports I have seen in the papers and from official quarters, the stockmarket seems to be quite attractive to investors. They've been quite confident that if they invest, they'll get quite a fair return — that's a healthy kind of atmosphere, unless someone would like to gamble.

There seems to be a feeling that equity from overseas should be encouraged and not debt. What is your view?
I think it is but proper that we should encourage equity and not debt, because equity represents a non-repatriable amount, which in fact becomes available to you.

Then don't you think that several outdated measures like the Gold Control Act, which have outlived their utility, should be scrapped? One suggestion that has been made is to allow NRIs to bring in gold on a non-repatriable basis and sell it at a small premium after charging customs duty. This helps the balance of payments position. And it also takes care of a number of unlawful activities and reduces smuggling.
I'm still in the learning process you know.

What about encouraging NRIs to come and put money in housing, entirely on a non-repatriable basis; it would also help solve the social problem of housing. No such schemes are forthcoming.
We would certainly like to encourage any investment by NRIs, particularly if no repatriation is involved.

What do you think is the role of the Reserve Bank in stimulating growth? A number of people in industry feel that the Reserve Bank, by its credit policies, is actually restricting growth.
The Reserve Bank has been playing a very useful role, not only in controlling and guiding the banks, but also in advising the government on a large number of issues. But ultimately it is advice they give. It is for us to decide. Why blame the RBI?

What is the role of industry or trade or the general public in helping the finance ministry in formulating policies for growth?
We would certainly like to have a dialogue to find out what exactly are the problems and if there are any areas of government policy which they feel are coming in the way of growth. Certainly we are not interested in being very sticky about the whole thing.

Many people believe that while there has been a great deal of liberalisation in the industrial field, there has been very little liberalisation in the financial services field — banking, stockmarkets, capital markets. What is your view on this?
By all means if they were to come and tell me which are the areas where they feel that controls have proved rather irksome and need to be reviewed, I'll look into it.

What is the role you see of what is broadly called "privatisation" in terms of raising resources by inviting a wider share of ownership of natural resources?
Privatisation is very much talked about but I have not still been able to get the exact idea of what they would like to do because the industrial policy resolution has been there since 1952 onwards. They have not made much of a change in it. Unless the whole concept is changed I don't think that anybody can talk in terms of privatisation. Of course depending on the merits you might take one decision, but that is not privatisation.

Take for instance the airlines. If 49 per cent of the shares are offered to the public, it allows resources to be raised without taxing the exchequer.
So far as the industries taking over areas which government has traditionally spent on, my experience is that the contribution of the private sector has been very minimal. More often than not it is 95 per cent institutional finance which goes in. That is not privatisation.

Ultimately, whether it is government or whether it is the private sector, the task is the same — to gather resources from the public, act as a pump and as a manager of those resources. In that sense even when the private sector borrows from Unit Trust or from the financial institutions these are monies gathered from the public. Nobody says that the private sector will bring their own money, nobody has that kind of money anywhere in the world.
That makes a world of difference then. If the private sector merely says they have the experience, we have a lot of experience too.

What is being proposed is that the existing public sector corporations sell some of their existing shares to the public so that this releases government resources that are tied up there to use elsewhere.
It will be very difficult for me to say. If any specific case is brought to my notice, I'll look into it.

On the question of liberalisation we touched on two issues — tax liberalisation and balance of payments. Both have a very crucial link to what is going to be your economic policy. Are you going to go further on liberalisation or not? What would your advice as finance minister be?
It depends on the situation that prevails. I feel that the lasting solution to the BOP problem is increasing of exports and the managing of imports. Don't get all kinds of luxuries in the name of liberalised imports; if that policy is strictly followed I think we'll be able to manage. I don't think that we have reached a stage where we feel it has gone beyond our control.

Do you feel that with a slightly more flexible approach to foreign exchange controls you can actually draw in a lot more resources to ease the BOP situation very easily?
That of course. All kinds of concessions have been given to the NRIs. A lot depends on the kind of interest they have in the country in which they stay. Sometimes that also plays its own role.

However, for non-repatriable investments, we are willing to go all out. If an NRI is interested in the good of the nation, then for instance, if he wants to set up a 100 per cent export-oriented unit, I am prepared to give all the concessions he wants.

The finance ministry has given a clearance to Ajitabh Bachchan. Is the government changing its stance on the speed, efficiency and enthusiasm for raids?
I don't think that I have any pre-conceived ideas about the whole thing. I would rather go by the hard information which is now available with the government and if the information warrants that I should take any stern action against that person, irrespective of who he is, I will not hesitate to take action.

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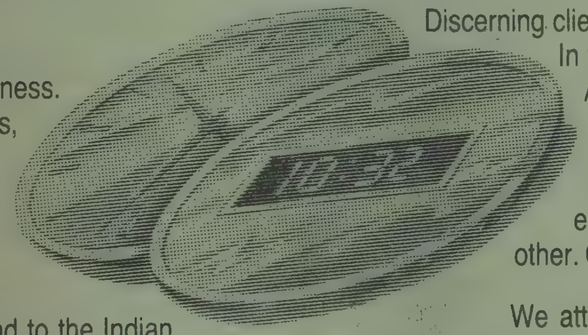

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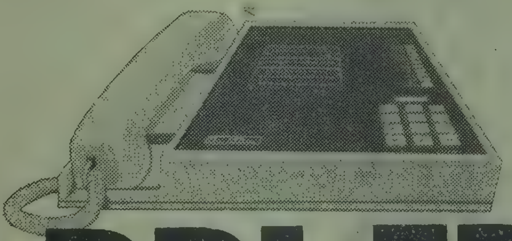

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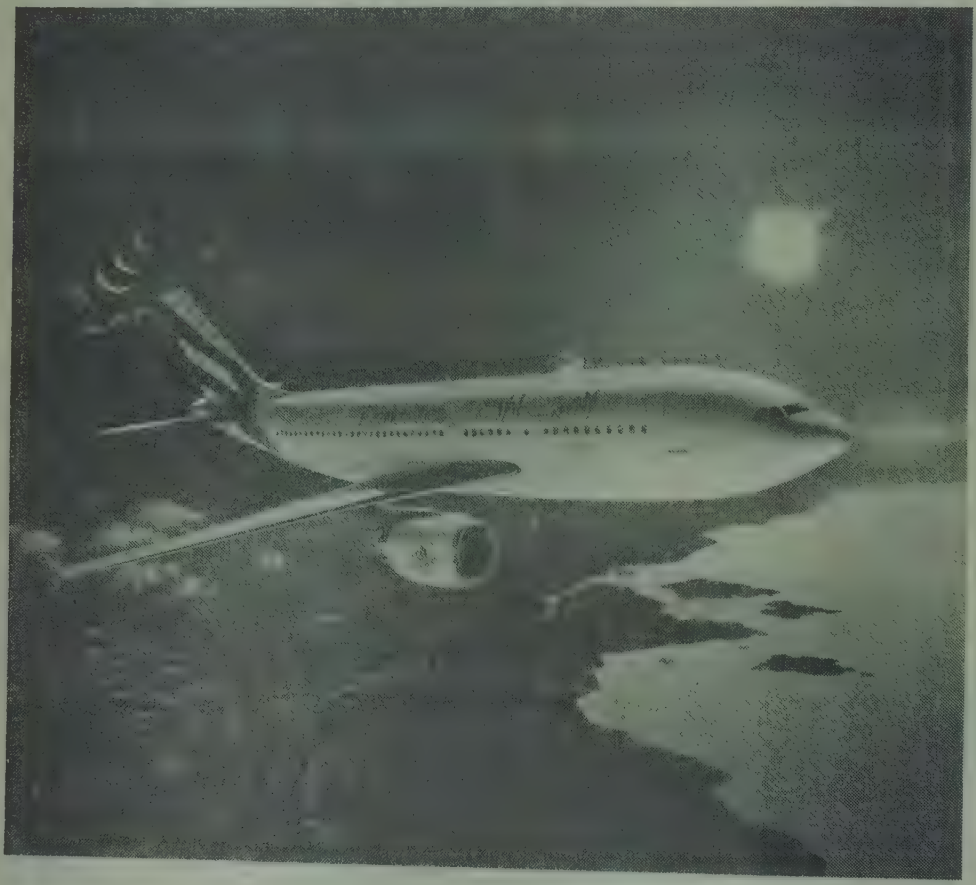
THE TIME MACHINE.



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EA.1.88

DEFAMATION BILL, 1988

Proof of insincerity

By now comments have been published in appropriately rich profusion on the disgraceful Defamation Bill, 1988. Its provisions have been analysed in detail and from various perspectives. But it is highly important not to miss the wood for the trees. The Bill as a legislative measure is one thing; as an indication of a trend, of an approach to freedom as a whole, it is even more sinister and dangerous than the actual terms of the Bill.

When it was moved in the Lok Sabha on 29 August, a whole set of false reasons was cited in its support; mainly that it was based on the reports of the Law Commission and the Press Commission. When it was decided to defer its consideration in the Rajya Sabha, prime minister Rajiv Gandhi advanced false excuses in his speech making the announcement of postponement, on 4 September. He said on the one hand, "We are totally convinced that the Bill is needed. I am myself completely convinced that we are proceeding on the right lines." So you have the nature of the trend clearly marked for you. He accused the MPs and the press of not having read the Bill. He cited Jawaharlal Nehru's letter of 1940 in a distorted form.

Then, why was he postponing its consideration and belatedly appointing a seven-member committee? Is it plausible to assert that he is "open to be convinced". His claim that 80 to 90 per cent of the Bill is "just a rehash of the existing law" is so patently untrue.

Five days later he repeated the refrain. It was very appropriate that he should have done so at a function hosted by the solitary journal which broke ranks with the entire national press in the strike it observed on 6 September — *The National Herald.*

Rajiv Gandhi's comments on 9 September fully confirmed the soundness of the decision of the press not to enter into any dialogue with the government on the basis of the Bill and till it was withdrawn. He said clearly enough, "Something has broken down in our system of protecting the individual from libellous or defamatory comment."

The cat is out of the bag. The moves he has in mind are not designed to reform or liberalise the law as the Press Council and the Second Press Commission recommended, but to deform it and make it even more restrictive than it is. As it is, the law of defamation is very strict. Even if you make a truthful statement you can be prosecuted for defamation unless you prove also that it was for the "public good" as well. Even an honest comment on a question of public concern will not escape the reach of the criminal law unless the accused proves that he made it with "due care and caution". The very existence of a criminal remedy for defamation is an anachronism in our free society.

The prime minister is concerned with protecting the battered reputation of ministers. What about protecting the "citizen-critic". As an American judge once pointed out, the latter performs as vital a role as the administrator.

Consider this case. Kanhaiyalal Khadiwala was president of the Madhya Pradesh Congress Committee and chairman of the Reception Committee of the Indore session of the Congress in 1957. He was accused by *Sarita*, a Hindi magazine published from Delhi, of committing malpractices with party accounts. Khadiwala filed a criminal complaint in Indore. Justice Krishna of the Madhya Pradesh High Court observed in the case, "Our problem is whether the editor of a magazine should keep quiet even when he is informed of such doings by politicians or should, subject to his taking the responsibility for proving the truth of a story, cry 'wolf' and expose them. There cannot be two views on this. He is acting in good faith and, as it is, in the public interest to bring out such things before citizens."

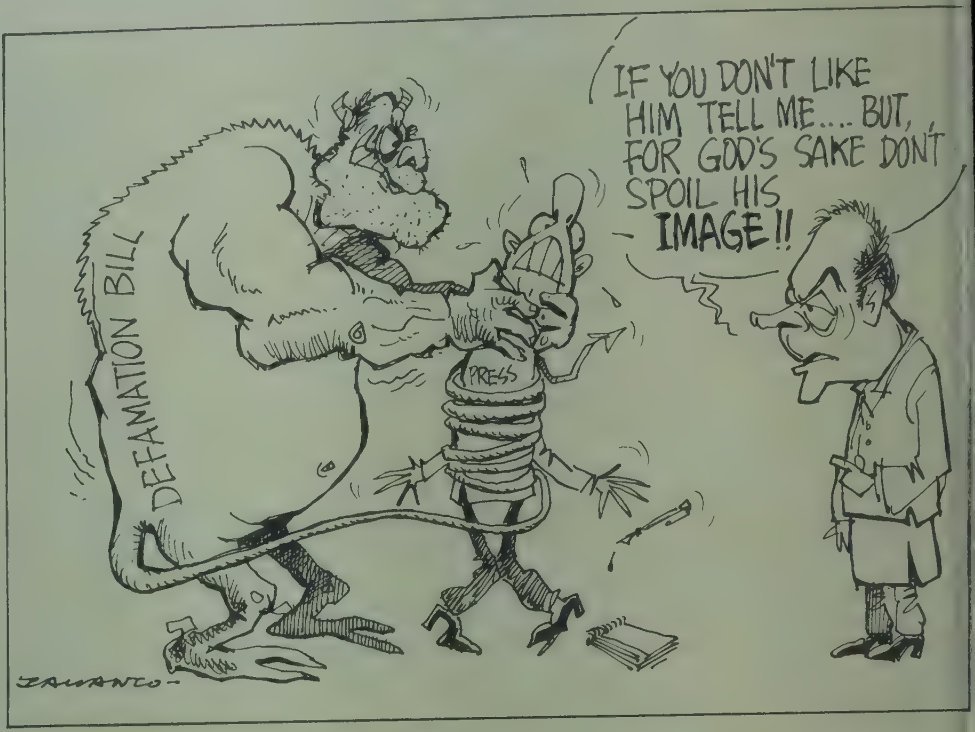
The nub of the matter is that the government of India differs with these very fundamentals. It holds a different view — an illiberal and repressive view. The existing law is not perfect. But it needs liberalisation as the Press Commission and the Press Council have pointed out. It would be disastrous to make it even more stringent. That is a sure way of muzzling the press.

The criminal law of defamation is embodied in Chapter XXI of the Indian Penal Code, 1860 containing Sections 499 to 502. The first provision, S 499, defines defamation while Sections 500, 501 and 502 lay down the punishments.

S 499, while defining the offence, also lays down ten "exceptions" which embody the classic defences; for instance, truth "for the public good" and opinion expressed on the conduct of public servants in "good faith". In the parlance of the Code, "good faith" means after "due care and caution".

The Penal Code has stood the test of time. It has been described most aptly as "English criminal law simplified and set in order"; and not without cause for it bears the impress of Macaulay's genius. He was the first legal member of the Governor-General's council and he drafted the Penal Code with remarkable felicity and precision.

But there is one vital difference. In England,


IF YOU DON'T LIKE HIM TELL ME.... BUT, FOR GOD'S SAKE DON'T SPOIL HIS IMAGE !!
DEFAMATION BILL
PRESS

criminal libel is an extraordinary remedy which is available only with the leave of the Attorney General or the Director of Public Prosecutions. It cannot be used for avenging private wrongs, as in India under S 499. The millionaire, Sir James Goldsmith's case against *Private Eye* in 1976 brought even this limited criminal remedy into disrepute in England. The prosecution came to nothing. The House of Lords recommended that this remedy be made even more restrictive. The media launched a broadside. As a result "the threat to freedom of the media has been effectively scotched", Professor Harry Street, an authority on the law, noted.

But the criminal remedy is alive and kicking in India. The civil law remains uncodified. A committee was set up to consider reform of the law of contempt of court and a new and more liberal law was passed in the Contempt of Courts Act, 1971.

It is a measure of the recklessness of the Rajiv Gandhi government and proof of his own insincerity that on an even more sensitive subject like defamation, no such committee was set up. A Bill was sprung on the Lok Sabha and rushed through it. Why had it not been cleared even by the Business Advisory Committee? No one is likely to take seriously Rajiv Gandhi's professions of commitment to the freedom of the press, which he doled out in profusion on 4 and 9 September. Why was the Bill not discussed first with the opposition as the anti-defection Bill was in January 1985? Why was it not referred to a joint select committee of both houses of Parliament after circulating it to elicit public opinion?

The reason is simple. The kind of Bill that was moved in the Lok Sabha and adopted by a brute majority was not one conceived in a liberal spirit. It was designed to muzzle the press. The victim's opinions were understandably not invited. It was the unprecedented uproar which induced second thoughts. On 4 September, Rajiv Gandhi announced at a party meeting, his decision to defer its consideration. The press was not amused and rightly decided to stick to its decision to go on a day's strike on 6 September. That strike was a resounding success; hence Rajiv Gandhi's pleadings on 9 September.

Neither the 42nd Report of the Law Commission on the Penal Code in 1971 nor the report of the Second Press Commission in 1982 nor the recommendations of the Press Council thereafter support the Defamation Bill. On the contrary, they all proposed liberalisation of the law.

The heart of the Bill lies in clauses 8 and 13. Clause 8 makes it an offence to write anything that is "grossly indecent or scurrilous or is intended for blackmail". This is borrowed from the Press Act of the Emergency era. It was repeated in Jagannath Mishra's Bihar Press Bill which he dropped after the uproar it had created.

What must be the gumption of those who repeated that offence on a national scale six years later? No wonder their professions of respect for press freedom are treated with derision.

Clause 13 is altogether new and unprecedented. It creates a new offence of "criminal imputation" which consists of accusing someone of having "committed an offence". It can be tried summarily by a sessions court. Of the ten defences Section 499 provides in cases of defamation, Clause 13 allows only one — truth for the public good, not even the classic defence of an opinion on a public question expressed in good faith.

The implications are plain. If you accuse the prime minister of telling untruths on Bofors and HDW deals and suppressing the evidence you accuse him of committing offences (under Sections 201 and 203 of the Penal Code). You will be tried summarily. And it is not sufficient to prove that you honestly believed what you said, or that the circumstances lead to that conclusion after you have considered and analysed them with "due care and caution". You will have to prove from the government records — to which you have no access — that he was telling a lie or suppressing the evidence. It is an impossible onus of proof to discharge.

That such an impossible burden was at all even attempted to be put on the citizen by the government of India reveals two things glaringly. First, its guilty conscience on the scandals; and next, the utter insincerity of its invitation to a dialogue and the prime minister's declamations on press freedom.

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A BREATH OF FRESH AIR

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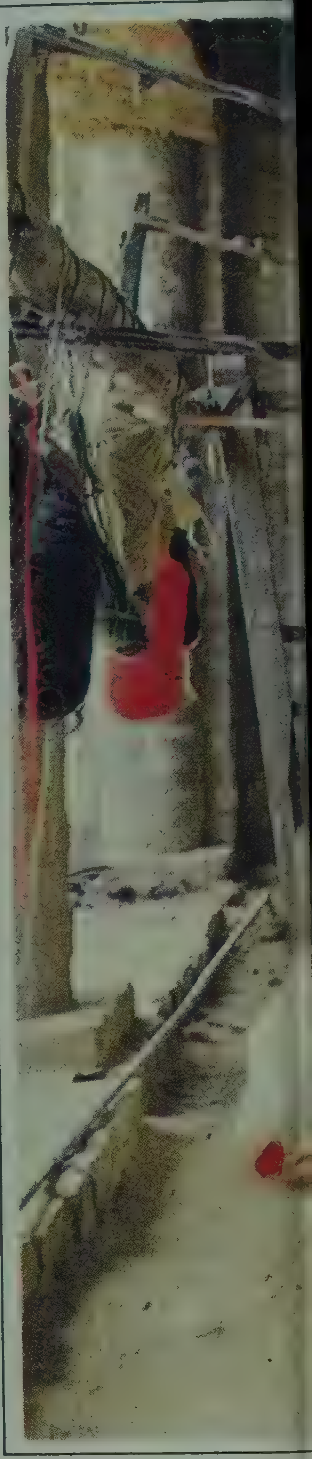
The day is drawing to a close in Shahjahanpur, Uttar Pradesh. Sitting at one of his largest looms, Abdullah leans back to scrutinise his handiwork. On the semi-finished carpet, the pattern is coming alive; and in his eyes is the craftsman's gleam of pride. As he tucks one last loose thread into place, his thoughts go back to that day in 1977 when ITC's Triveni Handlooms came to his help...



Abdullah of Shahjahanpur. Even the skills inherited from his forefathers weren't getting him two square meals a day.

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Carpet finishing: careful scrutiny before export.

The skills passed down to the weavers of Shahjahanpur were languishing. No encouragement was at hand, no market existed for painstakingly created carpets.

To inspire the revival of this traditional craft, ITC established Triveni Handlooms. Under the dedicated care of Colonel Prem Sahgal (of INA fame), Triveni helped provide raw materials and technical advice to the talented but poor weavers.

From 35 looms in 1977, there are over 400 today. Wages have multiplied from Rs 4 to Rs 150 per sq.ft. and the quality of product has improved impressively. All the carpets are exported by Triveni to earn more than Rs 80 lakhs in foreign exchange. Over 2500 weavers are now earning more, living better, saving for the future.

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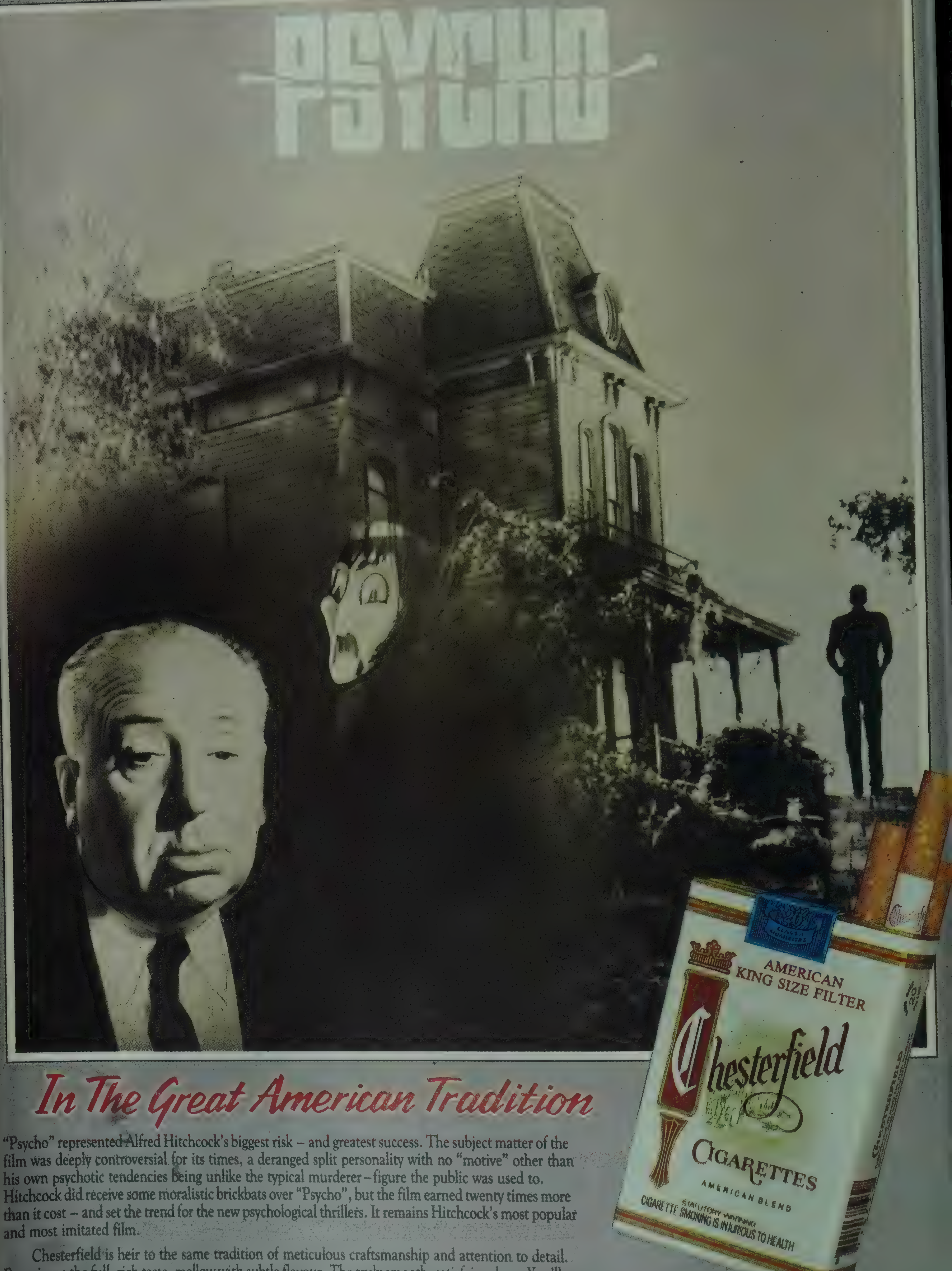
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Pepsi blockaded?

On the eve of the prime minister's visit to Punjab, the spotlight is once again turned on the Punjab Agro-Voltas-PepsiCo proposal. Even after three years of national debate, there is a strong likelihood that the government will continue to dither about the proposal which seeks to set up a fruit and vegetable processing plant in Punjab. Or will the decision be just about pushed through?

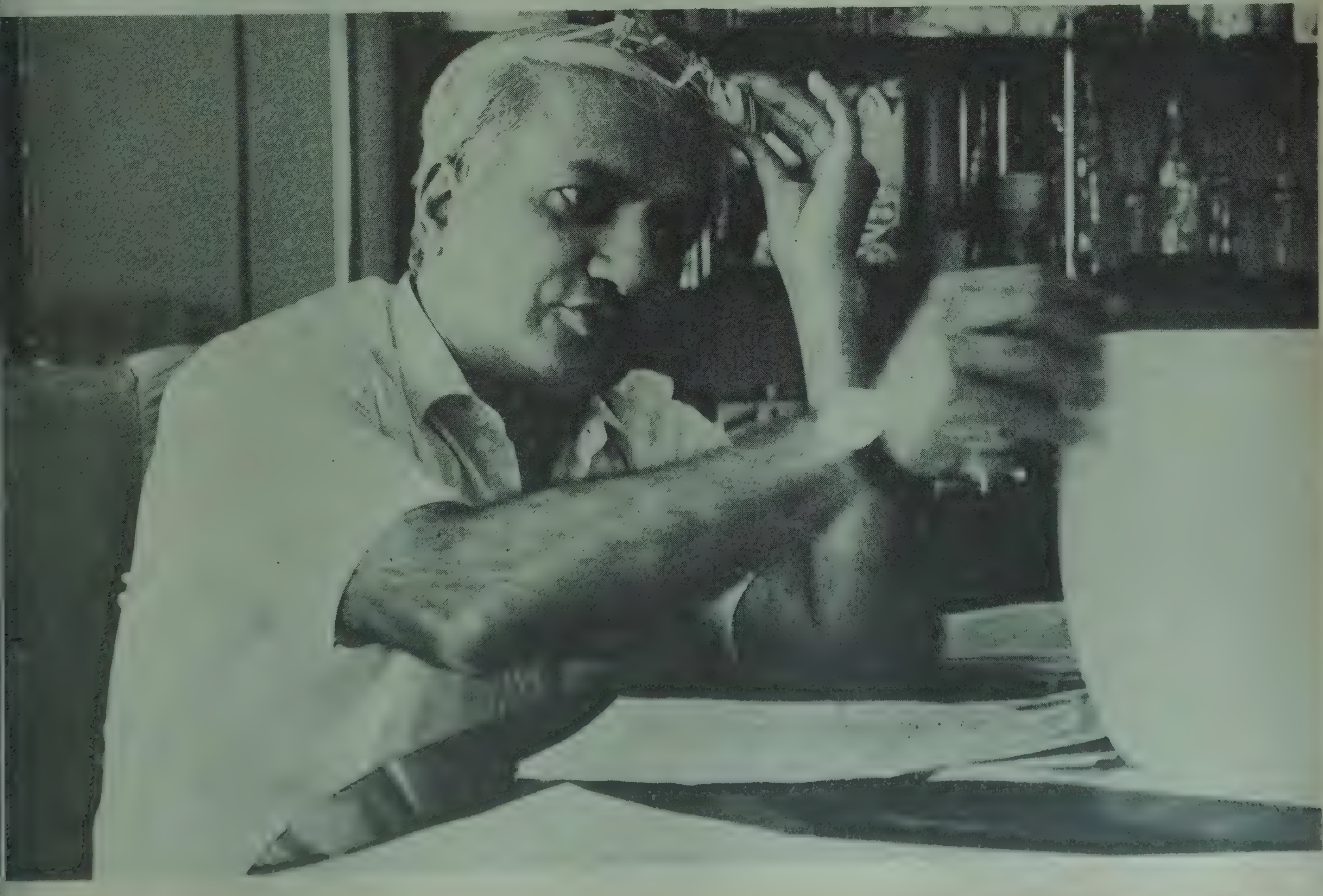
2 LITRE
PLASTIC BOTTLE
PEPSI-COLA
PEPS

Should the most politicised foreign collaboration proposal in recent memory be allowed in? "No," says Ramesh Chauhan, chairman, Parle Exports (makers of Thums Up), who has led a frontal attack on the proposal. "No," says Suresh Kalmadi, MP, who echoes the opinion of hundreds of other members of Parliament. "No," say representatives of the Perfume & Flavour Manufacturers Association. "No," say representatives of the All India Soft drinks Bottlers' Association. "Perhaps," says the Delhi grapevine.

There was a fresh outbreak of rumours about the much-talked-about proposal soon after it was announced that Rajiv Gandhi would visit Punjab in the third week of September. Speculation on whether the green signal would be given to the Punjab Agro Industries Corporation (PAIC)-Voltas-PepsiCo joint venture proposal started grabbing premium media space for the umpteenth time in the proposal's history of three years. The project is for the manufacture of Pepsi cola and snack foods and export of fruit based drinks; it is also part of the package of economic incentives for the development of Punjab.

It was perhaps Jagdish Tytler's (minister of state of the newly-created food processing ministry) statement at a press conference on 7 July in New Delhi that fuelled the new debate. He stated, "The doors for PepsiCo are not closed. On the contrary it is still wide open. Pepsi's bid to enter India's fast-expanding soft drinks market is now awaiting approval of the group of ministers." Lobbyists were at their posts once again.

The "group of ministers" who will wave the



Chauhan: laying it down against Pepsi

green (or red) flag are S.B. Chavan (finance), Vengala Rao (industry), Dinesh Singh (commerce), Buta Singh (home) and Vasant Sathe (energy). The ministers, according to reliable sources, are expected to meet to hammer out a decision on PepsiCo before the prime minister's Punjab visit sometime between 21 and 23 September.

"Nothing can be taken for granted with the PepsiCo project," sources say. "Even if the ministers clear it, it may get stuck at the level of the Cabinet Committee on Economic Affairs (CCEA), which will have the final say," points out a senior government official. Rajiv Gandhi has apparently decided that he would let a group of ministers place the recommendation before the Cabinet. The Cabinet can then decide. Apparently he would prefer not to take the flak himself.

Thus, the PepsiCo decision may be deferred again. With the recent Defamation Bill, which has vitiated the atmosphere so much, the government may fear to tackle another sensitive issue for some time yet. Once again expecations may be belied; in that case the, economic package for Punjab may be minus the PepsiCo proposal.

The PepsiCo proposal enjoys the dubious distinction of attracting the most vehement opposition to all such proposals. And to imagine that it was the state sector PAIC which went to PepsiCo for a collaboration!

Does it deserve so much attention? Says Chauhan of Parle Exports, who is accused by protagonists of the project of orchestrating it into a national issue, "A deliberate, vicious propaganda is being let out that I am against it and have held it up. Who am I to hold it up? Am I a minister? The government policy is very clear that a project must either be approved or rejected within 90 days. Then, why is this project being held up? It is because in the entire so-called package, soft drinks is the only proposal worth consideration. The rest is chocolate coating. It is just a carrot they are dangling and it will not materialise."

The Rs.22-crore PepsiCo package is the second bid that the US-headquartered MNC is making to enter India. In early 1985, a proposal with the Rama Goenka group was rejected by the government. The scope of the second bid was widened to take in a foods processing division: The second proposal encompasses the following activities:

- Agro research centres. PepsiCo's agro expertise will be combined with current Indian knowhow and implement the findings in the field. The focus will be on developing improved varieties, optimum production technologies and seed multiplication, initially for potatoes, tomatoes, and oilseed crops.
- A potato-and grain-based processing unit. It will produce ready-to-serve food products in long-life consumer packages for all-India markets. It will use about 25,000 tonnes of potatoes and 5,000 tonnes of grain every year, or six to seven per cent of the total potato production of the state.
- Fruit and vegetable processing unit. Processing of 80,000 tonnes of tomatoes, pears, mangoes, apples and other fruits to produce juice concentrates, tomato paste and related products, primarily for exports. The fruit consumed will be equivalent to 25 per cent of the state's total output.
- Soft drinks concentrate unit. Local manufacture of soft drinks and juice-based concentrates to be franchised to small, independent 100 per cent Indian bottlers all over the country.
- Exports. Apart from processed fruits and vegetables, the venture will undertake exports of other non-traditional items. Total foreign exchange inflow is estimated at 50 per cent of the total outflow for machinery, raw materials, dividends, etc.

In the yet unnamed company that will carry the project, PepsiCo, will have an equity holding of 39 per cent, Punjab Agro 20 per cent, and Voltas 24 per cent. The balance is expected to be placed privately. Of the total project cost of Rs.22 crores, about 50 per cent will be throug equity contribution; the balance wil come from loans. Says Ramesh Vanga PepsiCo's representative in India, "W have not approached any financial institutions yet. We are waiting for the projec to go through first. The company will b run out of this country and it will b board-managed. While it will directly employ 500 people, the project is expecte to generate employment for an additiona 30,000."

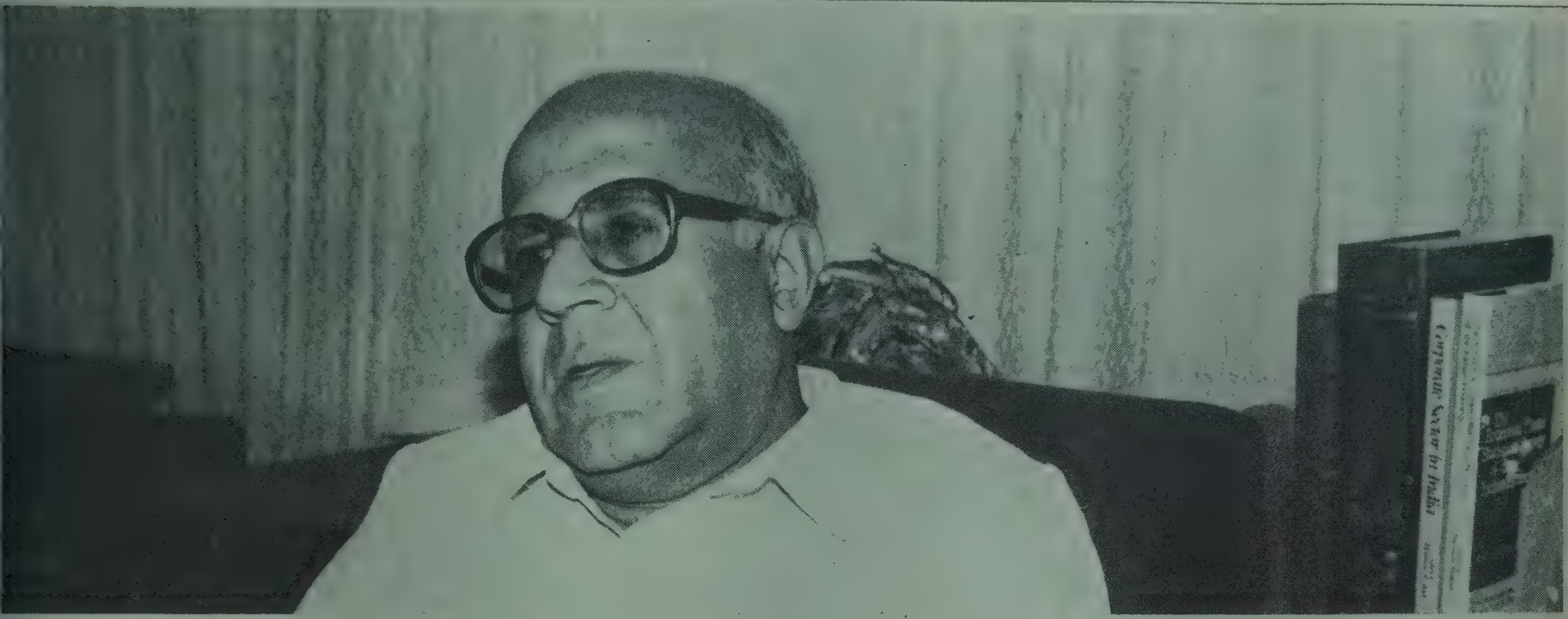
The PAIC, which is in the forefront, ha made a strong case for clearing the project. The main advantage being pushed i the benefit which would accrue to th thousands of farmers in this predominantly agricultural state. Attention ha been drawn time and again to the frustration experienced by Punajab's farmer from decreasing returns on land holdings. "There is no doubt that there is concerted effort directed by some intelligent centralised authority to organise farmers' movement in support of the project," comments one critic of the proposal.

According to Gokul Patnaik, managin director, of PAIC, who has been closel following the progress of the proposa and directly interacting with the Punja farmers, "The moment some newspape report appears about its progress, I ge flooded with telegrams from farmers asking us to locate it in their areas." He adds "I am afraid so much expectation has been built that it may be a difficult task to fulfill it."

The PepsiCo project is a key element in the Punjab government's overall industrial and agricultural strategy. The latte hinges on helping the farmers to move from rice and wheat cultivation into horticultural crops. Data available from the Punjab Agriculture University indicates that the cultivation of wheat and rice give the farmers decreasing incomes by the year due to stagnant yields and rising input costs. This has started worrying the Punjab government.

To beat the lower returns, Punjab's farmers have increased acreage under fruit cultivation in recent years. Which is a good sign. As a result, the area under fruits in the state has increased fron 59,000 acres in 1980-81 to 131,166 acres in 1987-88. Fruits such as kinnows, pears and grapes have been very popular with the farmers. A further hike in the acreage cannot be ruled out.

But what the state government is already worried about is the marketing o



BOX 1

"Benefits all round"

Following are some views of **Aktharali H. Tobacowala,** *chairman of Voltas Ltd, one of the prime movers of the PepsiCo-Punjab Agro-Voltas proposal:*

On project benefits:
The impact of the project will be like any other pioneering project; with a secondary, tertiary and long term effect. It will bring about a change in the practices of the Indian farmer, in regard to horticulture, potato, corn, oil seeds. Then of course this will spread from the Punjab to the rest of the country. We know that the benefits will be there both on the farming community, on the distribution channel, and of course to the consumer.

On Voltas's role:
Voltas as the principal operating partner throughout the country will provide much of the infrastructure support, will be able to give to Pepsi the information, understanding of the Indian consumer and of the Indian markets, and help work closely with the Punjab government.

On the impact on the domestic soft drink industry:
I do not think it is going to hurt the soft drink industry at all. These are unfounded apprehensions. It will of course bring greater competition, it will improve service to the consumer, it will improve distribution throughout the country, especially in the rural areas. The project is essentially a food and agriculture oriented one. We have undertaken that no more than 25 per cent of the sales volume of the joint venture will be in soft drinks, including soft drinks that are based on fruits and vegetables.

On the prospects of the project:
I am confident that this project will bring to India technology in food processing and in agriculture which we desparately need and which we have been looking for. I am quite sure that it will create the employment potential that the people of Punjab and India have needed for so long. I am also certain that we will achieve the level of exports that we have promised to the government.

e produce. In the case of pears, for nstance, only 4,700 of the 16,000 acres nder cultivation are fruit bearing, yieldng a production of 47,000 tonnes per nnum. Even with this modest output armers face a severe marketing boteneck. The price of a box of pears of 20 g has crashed to Rs.30 this season, from s.40 last year. And production is likely increase progressively to 75,980 tonnes 1990 and 1,29,050 tonnes in 1995 as nore land becomes fruit-bearing. If one lso takes into account the costs of varous farm inputs, pear cultivation could e a losing proposition for the farmer. ukhdev Singh, vice chancellor of the unjab Agriculture University, Ludhiana, as warned the state government that nless it steps in to help the farmers, some of the orchards nurtured with great care and expense would have to be uprooted in the absence of lucrative marketing outlets.

In such a scenario, the PepsiCo project which is expected to utilise about 480,000 tonnes of fruits and vegetable in five years or around 90,000 tonnes per annum, equivalent to 25 per cent of the state's production, looks attractive indeed. (Significantly, Sukhdev Singh also points out, 50 per cent of the pear cutlivation is in the highly sensitive, terrorist-prone border district of Amritsar.)

Farmers' movements, such as the Bhartiya Kisan Union (the largest non-political farmers' organisation in the country); the Farmers' Forum, which has Lok Sabha speaker Balram Jakhar as patron and the Maharashtra-based Shetkari Sanghatana of Sharad Joshi, have extended unqualified support to the PepsiCo project. So have neighbouring states like Himachal Pradesh and Jammu and Kashmir, who also see in the PepsiCo project lucrative outlets for their fruits and vegetables. The Akalis too are for once united and vociferous in its support.

The PepsiCo proposal has four components. According to an official source, the soft drink capacity of PepsiCo has been pegged down to no more than 20,431 units with a unit equivalent to 10,800 cases. As such, at full capacity (expected in five years), the total ex-factory sales of soft drinks would be roughly Rs.15 crores, compared to Rs.22 crores for the potato/grain based unit and Rs.11 crores of that

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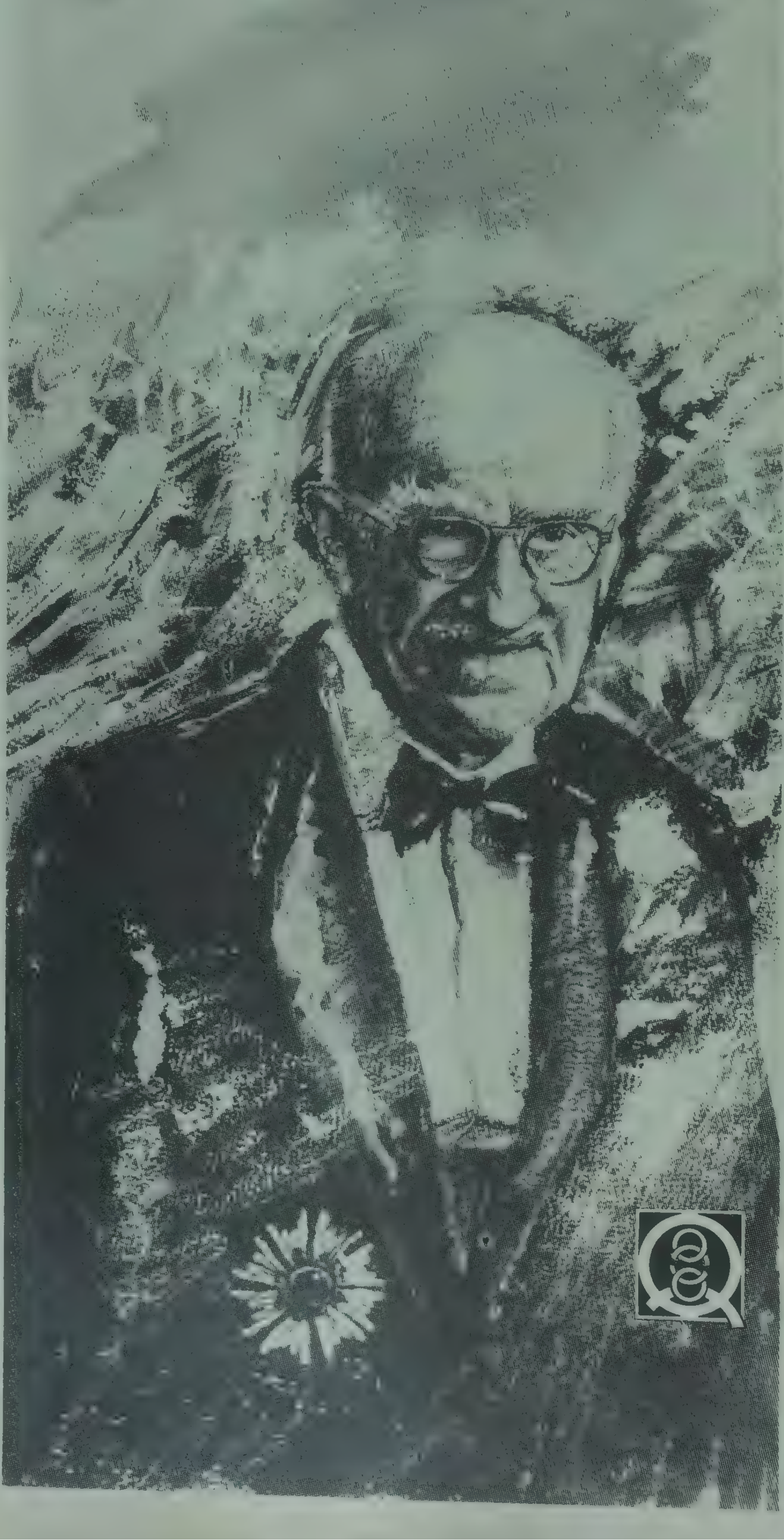

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Cola strategies

"The war is not between Thums Up and Pepsi but a global war between Pepsi and Coke," observes a veteran of the Indian bottled drinks industry. But what impact would Pepsi, the number two cola drink in the world, have on the Indian marketplace if it is permitted to set up a concentrate plant? It is generally accepted that for Pepsi to break into the Indian cola market will be far from a cakewalk.

Peculiar market. The world over, the bottled soft drinks market is a very peculiar one. There is no big deal about the product. It is flavoured, sugared, water, whichever way you look at it. Critical to success is how well a company can sell products. As Roger Enrico, president and chief executive officer of PepsiCo Worldwide Beverages observes in his highly readable account on the cola wars, *The Other Guy Blinked*, "If we are going to win the Cola Wars, we have to be smarter in a lot of ways. Mostly, though, we have to be shrewder, faster, more attuned than Coke in the place where you see us most: on television. So we don't spend those millions casually."

"We spend them so carefully — and agonise so much over the creation of these commercials — that it may seem, in these pages, as if Pepsi is a company that creates advertising, and oh, by the way, we make soft drinks too."

"There's a reason for that. It's not that advertising — the show business side of soft drinks — is glamorous fizz and all the other elements of the business are, by contrast, flat. It's that imagery is critical to our success."

Confusing colas? If this is so, would it not be difficult for a new cola entrant to build an image that will not be confused with that of an existing one? Yes. It is not for nothing that Pepsi was consciously positioned differently from Coca-Cola as the "leading edge" soft drink whose consumers were referred to as "the Pepsi generation".

Battle for shelves. Already, in the existing market, says Ramesh Chauhan of Parle Exports, "Getting outlets is becomming more and more competitive as space is limited." With so many new products available there is a battle for shelf space. It is not unusual to find manufacturers offer different kinds of incentives to stockists. But there are some exceptions. Says the marketing consultant, "Double Cola, which was introduced barely 9 months ago in Bombay city, managed to get crate deposits at Rs.68 a crate, against the expected standard of Rs.40 per crate." This is against the practice of parting with deposits to newcomers.

Muthangi: no dent on smaller bottlers

Thums Up has an infrastructure of more bottling plants in place. This gives Parle depth of distribution which Chauhan admits is the toughest part of the business. "The depth of the distribution comes from getting down to the smallest dealer. The high volume dealer is not according to us a favoured customer." According to him the small dealer is serviced by a secondary distribution system in most cases.

While it is true that the growth of Thums Up sales has been stagnating at 1 per cent in the last three years, it is unlikely that Thums Up bottlers will shift loyalties so easily to a new entrant. Comments an insider, "The franchisees have reaped a lot of harvest in the last 10 years and there is a tremendous loyalty to the Thums Up brand." Therefore if Pepsi as a strategy decides to pick up existing bottling plants it will not be easy to find many experienced bottlers who would be willing to cross the floor. The company will have to look hard for potential candidates.

Says the manager of a soft drink company, "Taste plays an important part. When Thums Up was launched in 1977, no product existed at that time and Thums Up went whole hog in establishing an image which became a successful one. That is bound to stand Thums Up in good stead today."

"I have no illusions about the proposals of Pepsi (the cola) in the Indian market," admits Ramesh Vangal, PepsiCo USA's representative in India. "But we have studied the market and we know that there is a market here," he says. Vangal claims to have visited 70 Indian town and cities. According to him, more than 100 bottlers have made enquiries about the project and they include Thums Up bottlers. Once the project is cleared and the company is found, a decision on an advertising agency will be made.

In these circumstances, what could be the best bet for Pepsi? If Pepsi is represented in the four metro cities, which account for 50 per cent of cola consumption, quickly after it is launched, it has a chance to make significant forays into the cola market. Observers expect that Pepsi would be first launched in Delhi, (the country's single largest consuming centre for soft drinks), which is nearest to Punjab, where the producing centre would be located. "Therefore Campa Cola, a one city drink, will face severe competition from Pepsi," they say.

Says Vangal, "We have got a game plan worked out. The competition can be sure that we will offer a higher price/value expectation to the consumer. He will get a wider range, at better prices, better packaging.

There are some who believe that the Thums Up market share is bound to be affected. Says S.V.R. Muthangi, marketing and sales manager, Double Cola India Pvt Ltd, "Our total size is restricted at this point and a dent into the cola market by Pepsi won't affect us." He adds, "As a new product comes into the market it will cut into Thums Up's expanding market. Then if successful it will eat into the existing market."

But it is more than likely that the Pepsi threat will not be as large in real life as it is made out to be — at least not initially. For all its global brand image, marketing savvy, innovative advertising strategy, it remains to be seen whether the Indian public will take to the Pepsi taste.

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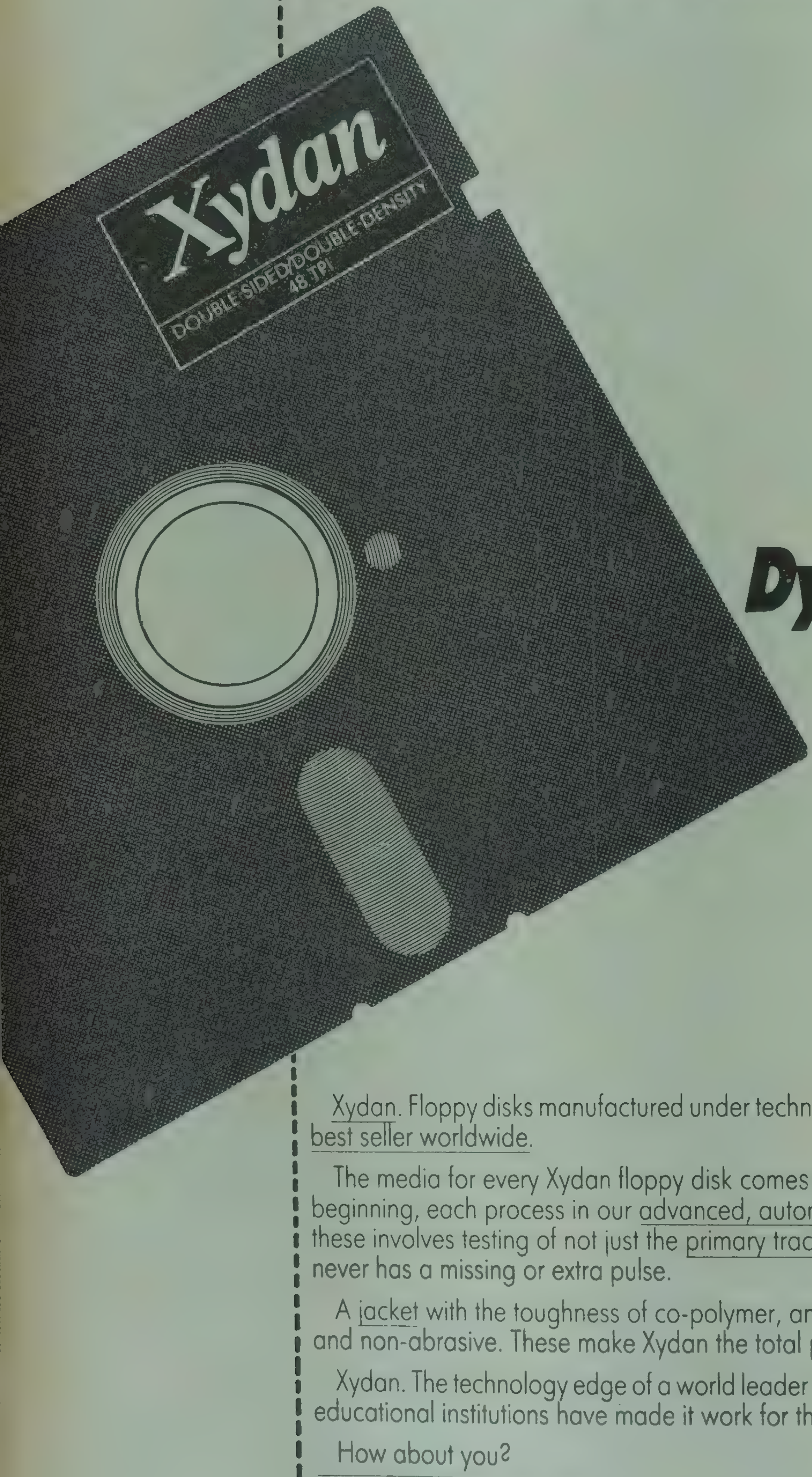

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of fruits and vegetables. If PepsiCo decides to increase the soft drink capacity, the other parameters built into the contract will have to be increased accordingly, a knowledgeable insider points out.

Chauhan, however, argues that it is foolish to expect an MNC to be concerned about national causes. "They are not interested in exporting from India, but mainly in tapping the internal market, which is huge. To cater to this market they will import the concentrate and other ingredients. They want merely to make profits. Why should they export from India, where they would have only 40 per cent equity rather than say, Cyprus, where they could have 100 per cent stake and profits." According to him, a country must first develop its home base. Only then, would export be logical, otherwise it would amount to dumping. "We have so many foreign collaborations in scooters, but how many are we exporting?" he asks. Insiders, however, insist that imports will be made within the framework of the law. "It is a fact that some essential oils — orange and lemon oil — required by the Indian bottled drinks industry are imported directly under OGL or indirectly through companies with 40 per cent foreign holding," says Vangal. "We would be doing the same."

If the fear of losing market shares has

BOX 4

Staunch supporter

(An interview with Akali leader **Amrinder Singh***)*

You have been quite vehement in your support for the Pepsi project. Why?

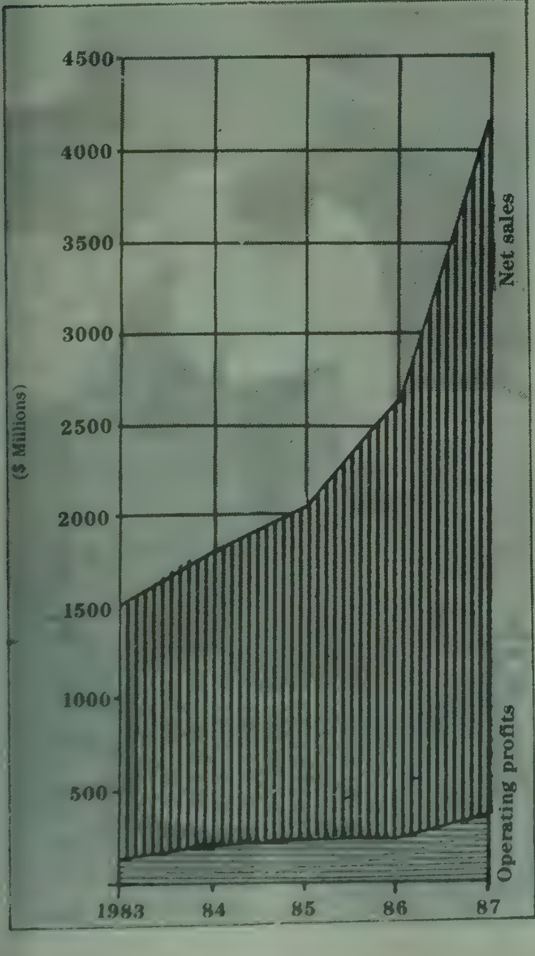
I think PepsiCo has come up with a wonderful proposal to support the horticulture industry in the Punjab. It will not only be very beneficial for my state but for the entire country. The horticulture industry does not have any price support, whereas crops like wheat, rice and cotton have been provided price support by the government. Fruits and vegetables like grapes, pears and potatoes often rot in the Punjab. There are about 135 cold storages in the state and, at one time, they were all lying closed because the potato price had slumped to such an extent that people could not afford to put them under refrigeration.

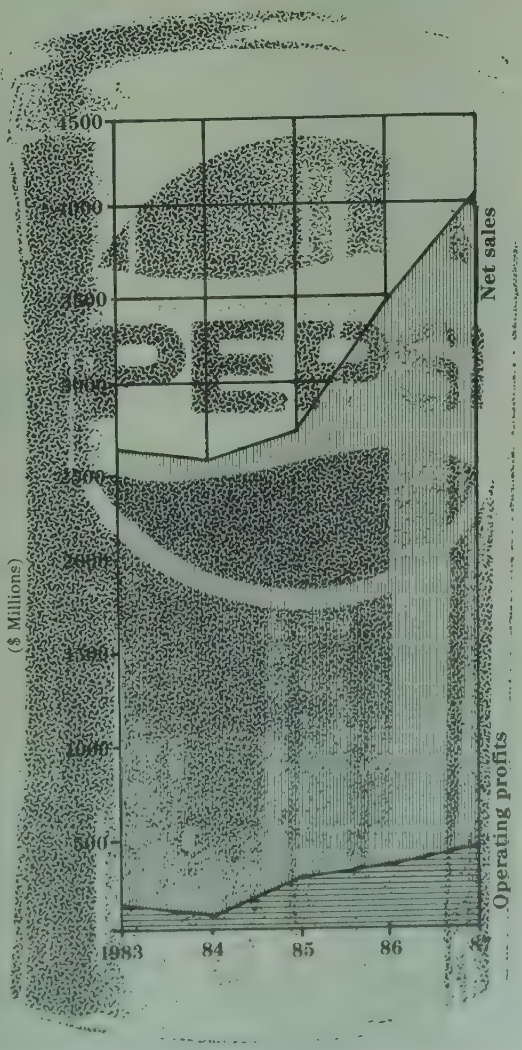
What benefits would accrue to the Punjab farmer, directly or indirectly from the PepsiCo project?

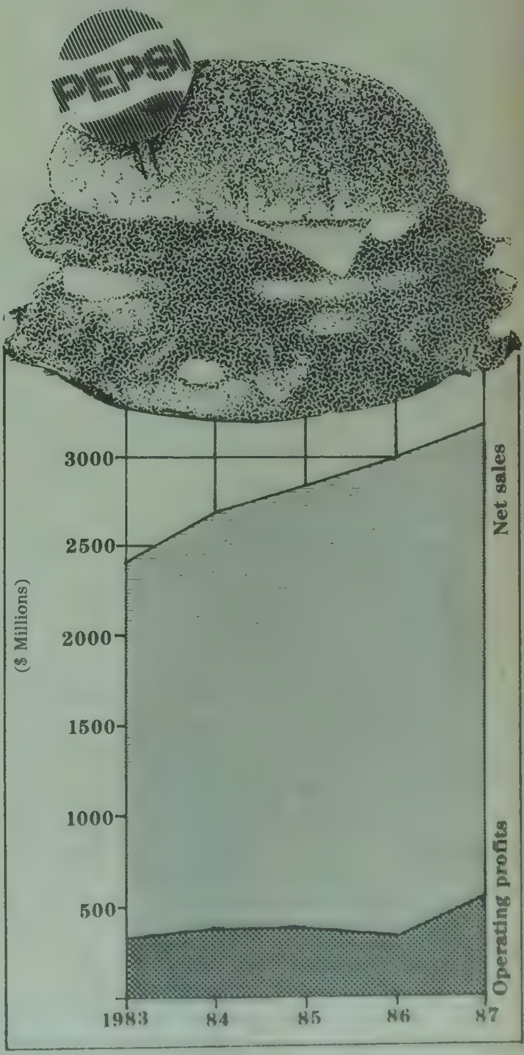
Not much direct employment will be generated. But, the switch-over to horticulture will give the farmer a rise in income by at least three times. Even on the job front, if one man is required to take care of four acres of wheat and paddy, three men would be required for every acre of land under horticulture crops. The state government is giving substantial loans to encourage horticulture crops in districts like Bhatinda, Ferozepur, Faridkot, Hoshiarpur and Amritsar.

What is the general feeling among the people of Punjab about the PepsiCo project?

The general consensus is that the central government is discriminating against the Punjabis and the rural sector. It is giving more credence to the industrial lobby of Ramesh Chauhan (of Parle) and other soft drink producers than to the kisan of the Punjab. The Bhartiya Kisan Union has backed it fully, all the rural associations in the state have supported it too. So has my party. But this soft drinks lobby seems to have more power than the people of the Punjab.







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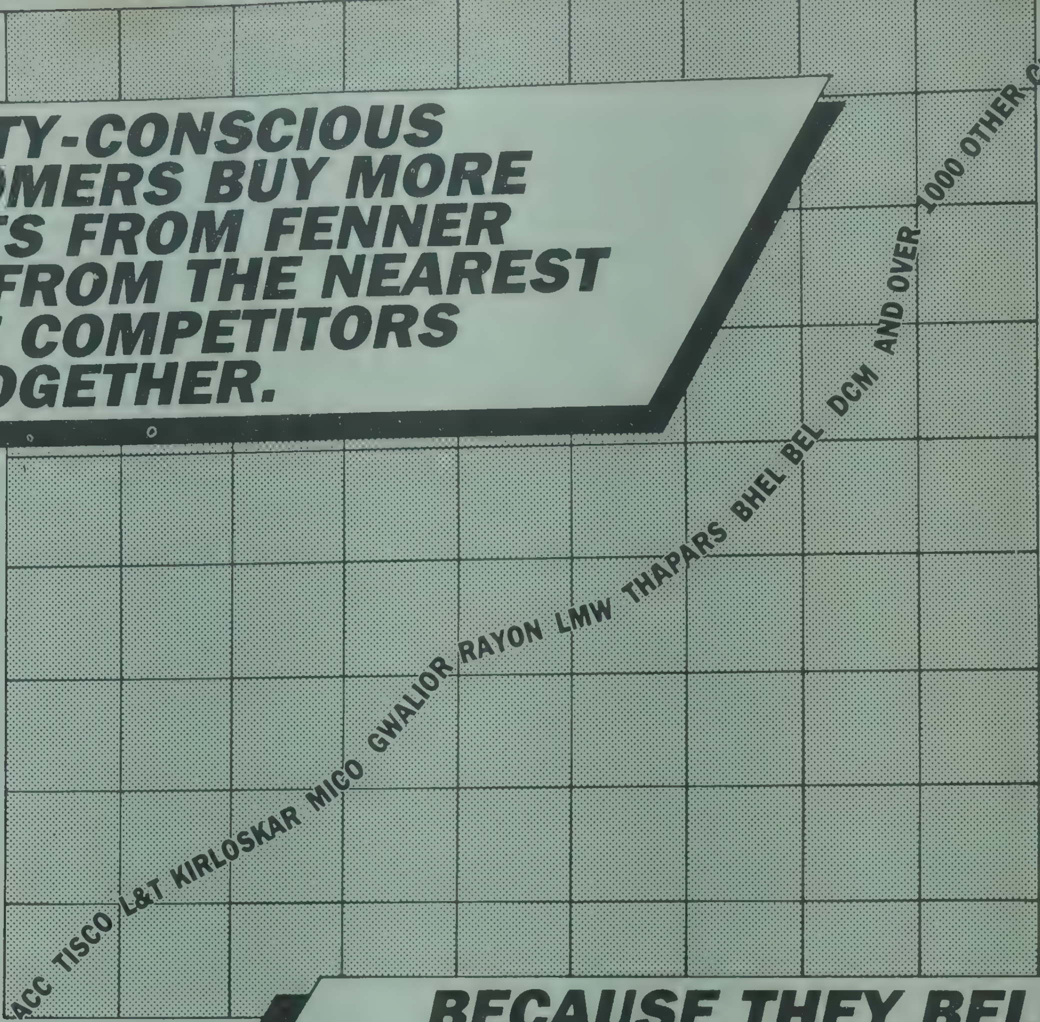
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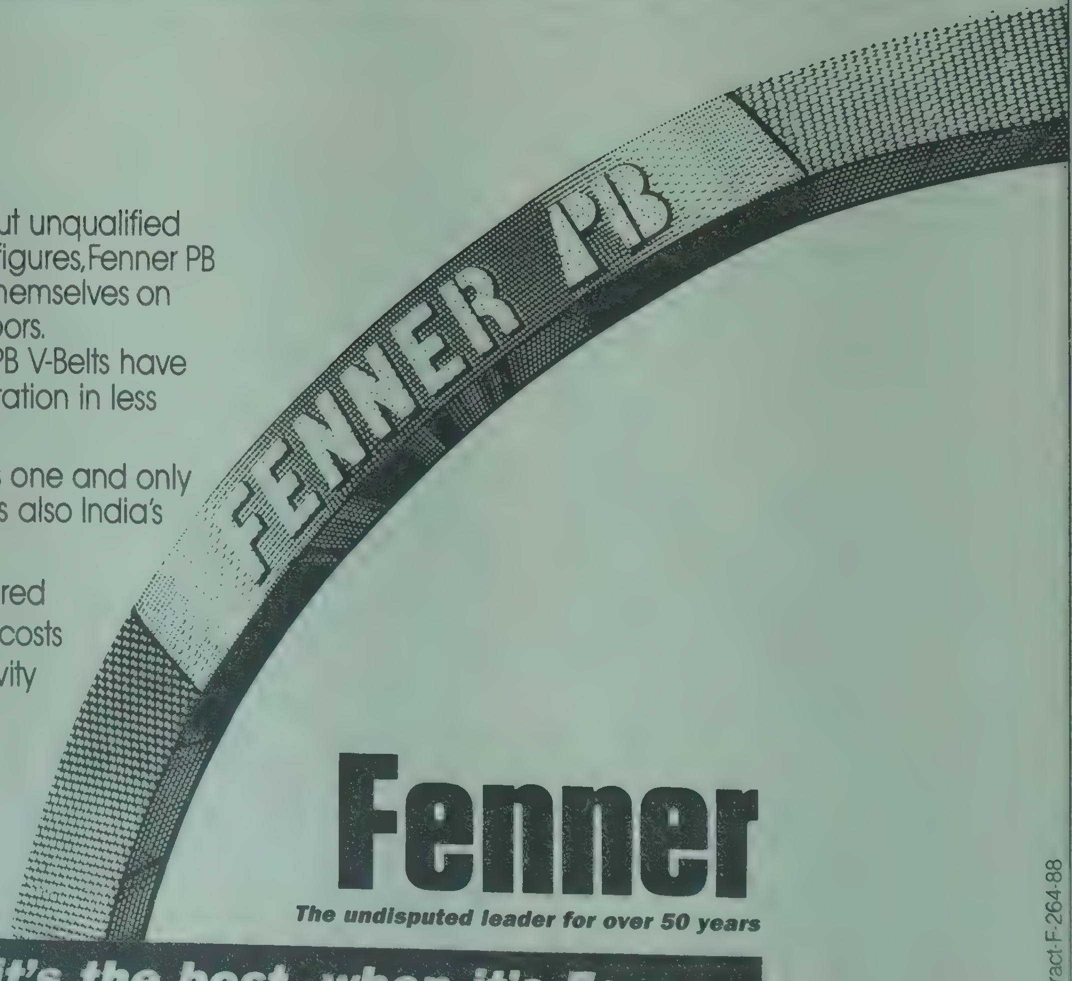

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been haunting indigenous manufacturers of bottled drinks (mainly cola), it is quite understandable. But, M.S. Gill, financial commissioner (development), Punjab government, has a contrary viewpoint. The PepsiCo project would actually upgrade the currently under-developed market by improving distribution, observing strict quality standards and introducing innovations in products and packaging. "The project is being deliberately maligned and projected as a controversy by the vested interests who presently monopolise the soft drinks industry. It is these very interests who are presently thriving despite high costs, high energy consumption and obsolete technology, in the absence of any real competition," says Gill.

Parle has been steadily strengthening its position, with a market share that has increased from 20 per cent in 1977 to about 65 per cent currently. This is expected to increase to 80 per cent in the next two years. With the current production of soft drinks at around 80 million cases per annum and at a conservative growth of 15 per cent per annum, the demand could well touch 160 million cases in five years. Consequently, the PepsiCo project, even at its full capacity, would meet merely 25 per cent of the demand. India's per capita consumption of soft drinks stands at a low of three bottles, compared to 13 in Pakistan, 38 in Thailand and 63 in Egypt. Indeed, the scope for increased consumption is tremendous.

"Chauhan fears that if Pepsi comes in, then his pre-eminent position will be wiped out," says one official. "We have told him that he will have to curb his monopolistic tendencies and volume-wise, he will be the gainer because consumption is expected to increase in leaps and bounds." Says Sujit Gupta, resident director of the Tatas in Delhi, "It is a perfectly sound project, politicalised to the extent of irrationality. Chauhan fears that his market share will come down from 60 to 40 per cent." According to PACI's Patnaik, "In terms of volume, their share will definitely go up. Parle's are the people who will gain the maximum in the short term. I don't expect their share to come down even marginally from 65 per cent."

The strength of the project has in what it could do for agriculture in Punjab and India's export effort. Also, the project seeks to transfer technology which is not available in this country. "For instance,

BOX 3

"Access to the international market"

(An interview with **Gokul Patnaik,** *managing director, Punjab Agro Industries Corporation)*

Why do you need PepsiCo to give a boost to Punjab agriculture? Surely the domestic industry and research institutions have the requisite capability to deliver the goods?
In the Punjab, food grain production is continuing because of the government's support price. But, with fruits and vegetables there is tremendous wastage. I have seen tonnes of potatoes rotting by the roadside because of a serious marketing problem. The same is true of grapes and other fruits. We decided that something ought to be done to take care of perishables. We discovered that the technology that was available locally was not adequate. More importantly, we did not have access to the international market. PepsiCo would provide us both.

Why has this project taken so long to get clearance from the government?
This project should have been sanctioned a long time ago. I have yet to see a project which has been so thoroughly scrutinised at every level. So many questions have been asked but nobody has questioned the economics of the project.

The only objections to the project is from the vested interests of the soft drinks lobby. If the government did not find it desirable, it should have told us two years ago. Now, due to its agriculture extension prospects some expectation has been built up around it. Farmers have been asking us to locate it in their areas. They are all taking it for granted that it is coming through. We wouldn't advise the government to go back, as we will have a whole lot of angry farmers on our hands.

If the project is rejected, what implications would it have for the state's economy?
If it is rejected tomorrow, I don't think any international company would touch us for the next five years.

There have been charges that all you are after is the PepsiCo brand name to capture the Indian soft drinks market. Don't you think that the domestic soft drinks industry is justified in their fear that PepsiCo would capture the entire Indian market and displace them?
The Indian soft drinks market is highly monopolised. Three major manufacturers control 90 per cent of the market — Parle, Pure Drinks and McDowells, with very high margins. When Pepsi comes, the first thing that will happen is that the market will expand for which there is great scope. Our capacity will be limited to about 40 million cases. The maximum benefit of an expanding market will be derived by the existing manufacturers. I don't expect the share of the Parle to come down even marginally from 60 per cent. Their volumes may in fact go up. Ultimately, the consumer will dictate who remains in the market. It will be the survival of the fittest and the best. A foreign brand name will not automatically ensure sales. Many foreign companies have come and found India their graveyard.

What impact would the entry of Pepsi have on the country's export effort?
I feel that an international corporation is neccessary at least to have an access to the international market. The international market in perishables and processed foods is very tricky. Some small countries which have developed expertise in it are doing very well. But, an agricultural giant like India does not even command 0.1 per cent of the world trade in fruits and vegetables which has been estimated at around 6,000 million US dollars. Indian farm produce is known only for basmati rice and mangoes, 90 per cent of which goes to the captive Soviet market.

Our agriculture is a high-cost one, which makes it impossible for us to compete in the global market. A tie-up with Pepsi would not only introduce Indian products to the world markets but help to increase our yields, which would be critical for effecting low costs and becoming internationally competitive. For example, the best variety of tomato, the Punjab 'Chaura', has a maximum yield of six tonnes per hectare. Whereas the international yields in tomato are 20 to 30 tonnes per hectare.

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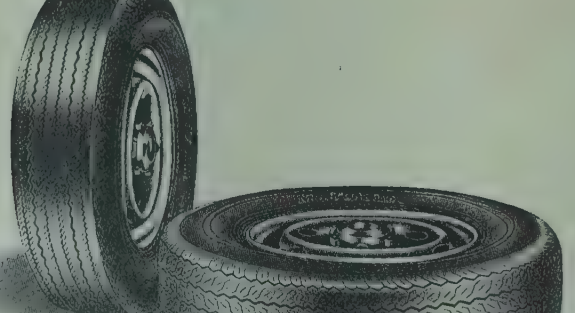

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why has no manufacturer in this country produced fresh orange juice for mass consumption?" asks Vangal. "Not because India does not produce enough oranges, but because it lacks knowhow in flavour blending." The project provides for a clear contractual transfer of much-needed technology in agro foods processing, including the secret Pepsi concentrate formula, product development and packaging. It carries an export commitment of Rs.200 crores in ten years or 50 per cent of the total output. "What we have promised is a very conservative figure, but we definitely hope to do much more," says Patnaik.

According to an informal agreement between the government and PepsiCo, the joint venture will export Rs.20 crores worth of processed foods in the first year, after the project is cleared. According to Vangal, this clearly proves PepsiCo's commitment to India. It is estimated that the project will generate sales of Rs.100 crores at the end of five years. "We won't make money in the first three or four years. It will take that much time to improve the economies," says Vangal.

But Chauhan is unconvinced. "Currently the system allows companies that propose foreign collaboration, on the basis of export commitments, to get away without fulfilling any part of the commitment. What can the government do?" he asks. "Will the government take a policy decision to confiscate foreign equity and blacklist the Indian company and ensure that the company is not permitted any future foreign collaboration.

Chauhan supports his arguments with several examples that include the Bata-Adidas tie-up for manufacturing sports and special applications shoes, and the apple concentrate unit set up by Hindustan Cocoa Products in collaboration with the state government of Jammu and Kashmir. Bata represented to the government to reduce export commitments from 75 per cent in five years to 33.33 per cent in ten years, after the collaboration was sanctioned. As for Hindustan Cocoa, the unit could not undertake any exports and the plant was shut down.

The development of Indian brand names remains the critical factor in the export business. The ministry of food processing industries seems to be very clear about this. Said P.M. Murari, secretary, ministry of food processing industries, "We will be very strict. Our priority will be to popularise Indian brand names.

The competitive strength of Indian food products would ultimately depend on cost reductions through dramatic increases in yields and quality of products. The proposed agro research centre is expected to provide the wherewithal for boosting yields. Chauhan however feels that the investment and recurring expenditure envisaged for such a gigantic task is "peanuts". Explains M.Z.A. Baig, principal executive officer, Tata Services Ltd, New Delhi, "The sum of Rs.65 lakhs given in the proposal for research and development is a budgetary figure. If we need more money, we will put it in." The centre is slated to be a collaborative effort on the part of Tata Energy Research Institute, PepsiCo and state and national agricultural research institutions.

Seen in the context of the newly-created ministry, it is expected that the yet untapped potential of the domestic food processing industry will get a gigantic boost. The sectors identified for a special thrust are fruits and vegetables, fishery, meat and meat products, cereal-based products and the development of transportation, preservation and marketing and packaging facilities.

An idea about the potential of the industry can be had from the fact that the ministry has tentatively targeted the export of buffalo meat at Rs.2,000 crores in five years, from the current level of Rs.430 crores. Murari's attitude to foreign knowhow echoes the positive thinking in the ministry regarding foreign knowho "Wherever there are gaps in technolog we will induct it liberally. Whoever wan it will get it, provided it is within govern ment laws and guidelines."

According to industry sources, the mi istry is trying to get big companies lik Kissan, Cadbury's and even Parle int Punjab as an alternative to PepsiCo, i case the project is not cleared. They wi be asked to specially develop strong lin ages with farmers to promote horticu ture. Negotiations are going on to firm u deals. In fact, PepsiCo has also been tol to show results without the controversia soft drinks component.

The effort appears to be towards co verting the food processing industry int a sunrise sector and not an elitist on The idea is to develop quality produc which would be within the reach of th common man as well as to ensure tha the farmer gets a decent price.

Eventually, whatever the governmen decides, the PepsiCo project will stand a an example of India's attitude toward foreign investment. It would set a prece dent which will encourage or deter mult national companies from doing busines with India. If it does not go through India's repeated pronouncements abou attracting foreign investment may just b seen as so much thin air.

■ ANOOP SAXENA with BASUDEV DAS

Thums Up
PEPSI

GAMMON INDIA

Takeover gambit

The spurt in the price of Gammon India's shares has fuelled speculation that a takeover bid is on. Also from all indications there is a rift in the Gammon family which could threaten the present management

When the board of Gammon India Ltd met on 14 September one of the items on the agenda was the threat of a takeover of the company's management. It was when prices of Gammon India's shares began to shoot up at the beginning of September that speculation arose about a possible takeover of the company. Till March, the price of Gammon shares, like that of shares of most other construction companies was, depressed. But from the beginning of April a steady rise began. Hovering around Rs.29 on 31 March, the price peaked at Rs.125 on 1 September, before receding slightly after the scrip was made subject to spot delivery. From April to early September, the price climbed slowly but consistently, giving the impression that systematic purchases were pushing prices upwards.

Speculation has centred on Manu Chhabria as a possible buyer. When *Business India* contacted Chhabria in Bombay, he denied that he was buying shares on the local market. He did, however, admit that he was buying shares from Andrew Gammon, a member of the UK-based Gammon family which still holds a controlling interest in the company. Andrew holds a 4.93 per cent stake in the company. Chhabria also said that he was buying these shares only for investment purposes. But not many would believe that.

A 50 per cent shareholding in Gammon at Rs.100 per share would cost Rs.10.81 crores. For that price a buyer would get a well-qualified technical staff with experience in building bridges, cooling towers for power stations, tunnels, canals, water reservoirs, and bulk storage and industrial facilities.

Far more important, Gammon has the credibility as a builder to secure bank finance and bank guarantees. The latter are an essential part of any contract, because normally every contractor is expected to deposit a certain percentage of a job's total cost, or a bank guarantee, in lieu of that.

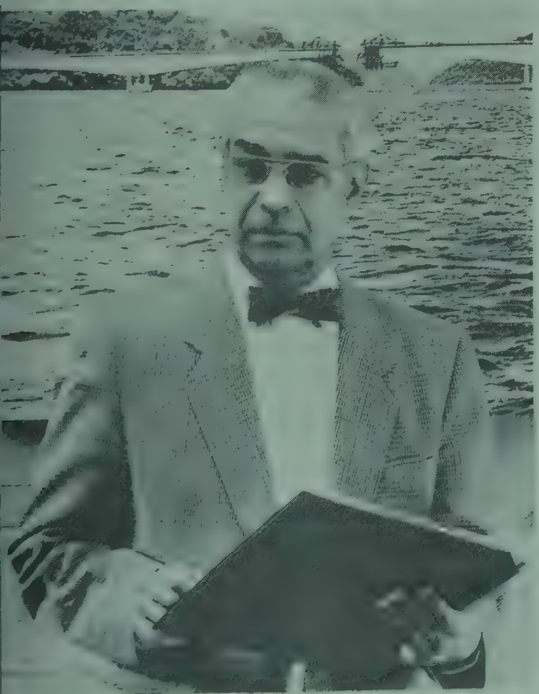
Analysts point out that the company has substantial assets whose value is not fully reflected in the balance sheet. The company's assets which have never been revalued, include the plush headquarters at Prabhadevi in Bombay and 20,000 square yards of land at Andheri, also in Bombay.

On the negative side the company performed poorly last year. Profit after tax declined to Rs.0.35 crores from Rs.2.81 crores in the previous year. There is no sign of any immediate revival; as this year's directors' report points out.

Says James Bates, the chairman (and a former managing director) of the company, "Construction is a cyclical industry, now it is the downturn but very soon things could start looking better." In the event of an improvement in construction activities there is no doubt that Gammon would appear an attractive pick.

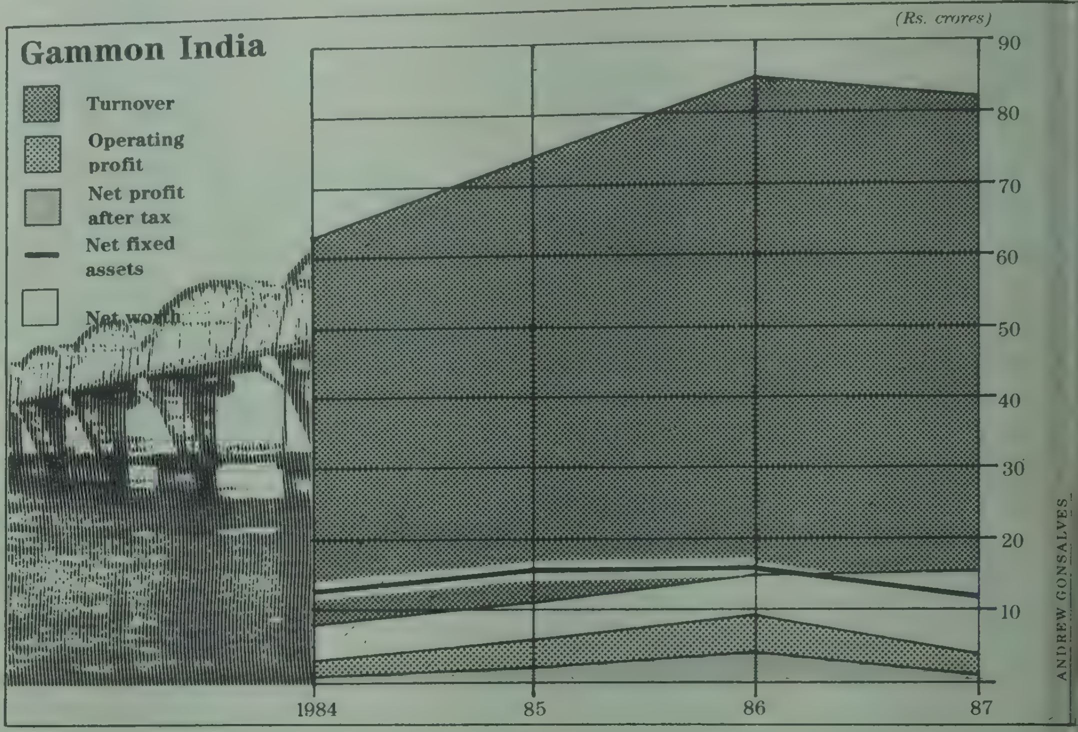
And in spite of Chhabria's protestations to the contrary, persistent rumours link the surge in prices to purchases made by him on the local market. Attention is now centered on the pattern of shareholding in Gammon, and the percentage of the shareholding that it would be necessary for a raider to acquire in order to take over the company.

Gammon India is in many ways a relict of the Raj. J.C. Gammon, who established



Above: Subba Rao: a bridge too far for raiders

Right: Mahatma Gandhi Setu: a Gammon project



ANDREW GONSALVES

the company in 1922, laid the RCC pile foundation of the Gateway of India, Bombay's most visible legacy of the British empire. J.C. Gammon died in 1973, but the largest shareholding of the company still lies with the Gammon family — 24.4 per cent.

J.C. Gammon had four wives. He had two children by his first wife, Peter and Jillian who hold 6.4 per cent and 0.7 per cent of the shareholding respectively. Peter Gammon also controls the estate of J.C. Gammon which holds 4.6 per cent of the company's shares; so in all he controls 11.7 per cent. Peter was recently inducted as a director on the board of the company and is reported to fully support the present management.

J.C. Gammon also had three children by his fourth wife Angela — Andrew, David and Claire. They hold 4.9, 4.5 and 2.7 per cent shares respectively while their mother holds 0.6 per cent; collectively they hold 12.7 per cent.

Of the other major foreign shareholders, there are five companies which together have 3.67 per cent of the total shareholding. According to T.N. Subba Rao, managing director of the company, the companies are controlled by non-resident Indians (NRIs) who are ex-employees and favourably disposed to the current management.

Though the Gammons hold a controlling interest in the company, they have not played an active role in its affairs. Subba Rao, himself has been in effective control since 1973. None of the Gammons was represented on the board till Peter was appointed a director early this year.

According to rumours, Subba Rao's reluctance to allow the Gammons to participate in the management of the company, has caused disquiet among some of them. Andrew Gammon, from whom Manu Chhabria is buying shares, had a similar understanding earlier with B.K. Poddar of the Calcutta-based Poddar group. The deal fell through. While Poddar maintains he was planning to buy shares only from Andrew Gammon, the present management suspects that Andrew's mother, Angela, and his brother and sister, David and Claire, were also planning to sell their shares to Poddar.

Business India contacted Andrew Gammon at his residence in London. When asked whether he planned to sell his shares in the company, Andrew said he was unable to comment on the matter. He also said that he would be able to make a statement on his holding only after three months.

Andrew Gammon's refusal to categorically state that he is not selling his shares to Chhabria suggests that negotiations on the sale of the shares are, in all probability, taking place. Chhabria has also indicated that he is interested in buying shares from the other members of the Gammon family.

With all this uncertainty about the intentions of the Gammon family, the ability of the current management headed by Subba Rao to survive a takeover bid depends on support from the Indian shareholders.

The financial institutions as on 29 January 1988 held only 6.68 per cent shares in the company, while the 50 largest individual Indian shareholders held another 8.07 per cent.

In 1973, an 8.5 per cent block of Gammon shares held by a British company, William Jack, was sold to the employees of Gammon. Today this employee shareholding is expected to have declined to 5 per cent. According to Subba Rao he has a 3 per cent stake in the company, in his and his immediate family's name. He also says that other relatives hold shares though he does not know how much.

It is quite clear that Subba Rao and the present management are not going to take any takeover bid lying down. The company late last year refused to register shares which B.K. Poddar had bought through several of his investment companies in the local market. There are a number of cases relating to this issue before several courts and the Company Law Board. The company's position is that as Poddar had a memorandum of understanding to purchase shares from Andrew Gammon and the rest of his family, his purchase of shares in the local market was tantamount to a takeover bid.

Subba Rao suggests that the employees of the company should get the first preference for any foreign holdings offered for sale. As the Gammon family shares are held by individuals abroad, their transfer would require permission from the Reserve Bank of India (RBI) which would normally refer the matter to the ministry of finance. According to Subba Rao the employees have made representations to both the Reserve Bank and the ministry of finance that the shares should be sold to them.

As far as local shares go, Subba Rao claims that he would resist transfer if he feels that it was intended to promote a takeover. He points out that in many recent cases, the Company Law Board has supported managements who refused to register shares to prevent a takeover.

So the gambit for Gammon is going to be no cakewalk. The present management has already succeeded in warding off Indian businessmen like B.K. Poddar. Whether it will also be able to keep a more formidable raider like Manu Chhabria at bay is to be seen. In any case the Indian corporate scene will soon be enlivened by yet another takeover tussle ■

EAPEN THOMAS

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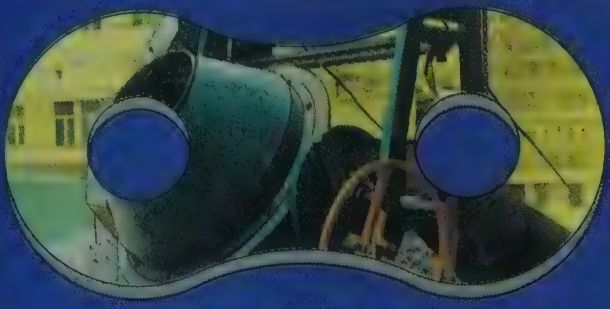

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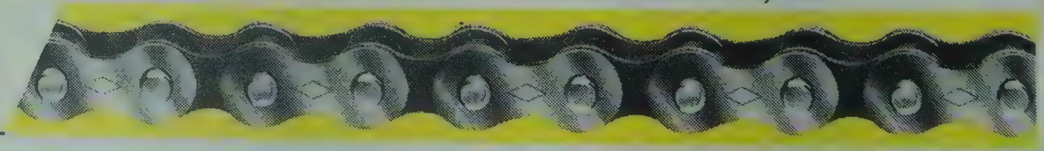

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HTA 7204

HARRISONS MALAYALAM LTD

The Guinness connection

For a company that since 1921 has always managed to ring out each year with resounding profits, Harrisons Malayalam Ltd (HML) has kept a surprisingly low profile. Over the past month, however, the financial press went to town speculating on who was trying to gobble up its foreign-held equity. Some of the questions have been answered by the appearance of Ambledown Investors and Anthony Guinness, but not all

The facts are finally out: 36.9 per cent of the Harrisons Malayalam Ltd (HML), held by Malayalam Plantations (Holdings) Plc (MPH) of the UK, now belongs to Ambledown Investments Ltd, with its purchase of MPH. Ambledown, a company based in the tax haven of the Chanel Islands, has introduced two new faces on the board of directors of HML — Anthony Jack Guinness and T.K. Faris.

On the face of it, a change of this kind may appear to be quite convulsive, but for HML it is not particularly worrisome, not immediately at least. This is because the entire deal was an offshore transaction which will not figure in the company's books of transfer; the 36.9 per cent of HML equity was held by MPH, a subsidiary of a subsidiary of Harrisons and Crosfield (H&C) of the UK. It is this subsidiary twice removed that changed hands to Ambledown.

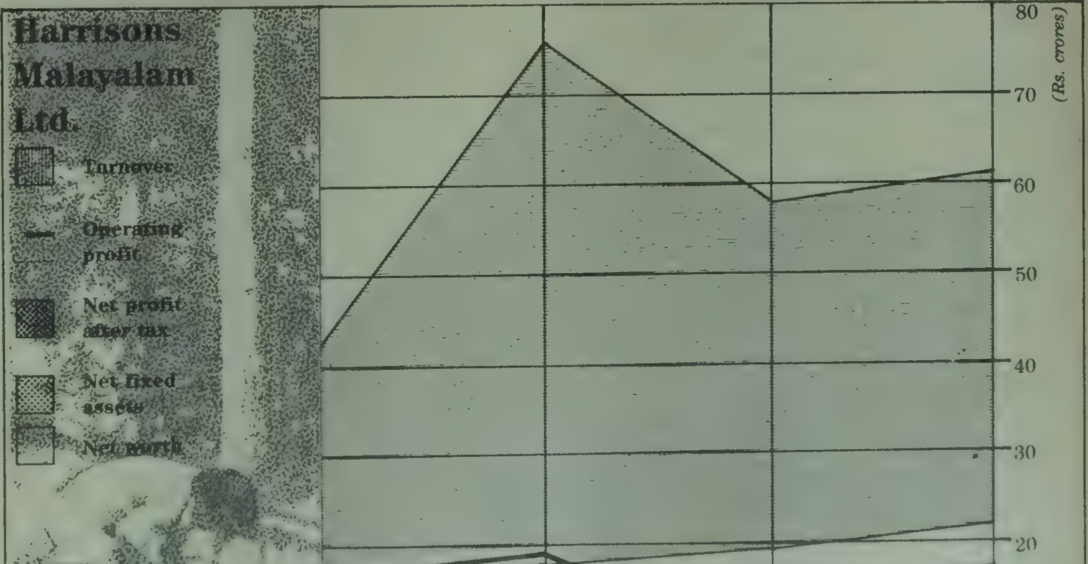
Article 91 of the articles of association of HML stipulates that anyone holding 26 per cent or more of the equity has the right to nominate one-third of the board of directors, viz, three. Importantly, these posts are not liable to retirement by rotation. Thus, M.J. Hadley, a former nominee of MPH, continues on the board (probably in deference to H&C which still holds 3.1 per cent of MPH equity). The new entrants are Ambledown's men, Guinness and Faris (*see Box I*).

However, these men, who now have a long-term stake in the company and can direct its growth and direction, do not envisage any radical changes for HML in the immediate future. HML will continue to remain essentially a plantation company with its 23 rubber and tea estates in Kerala and two tea estates in Tamil Nadu. It is learnt that Ambledown told H&C that it is not planning any major management changes in HML. Also, Guinness and Faris have stated to HML that they have no intention of diversifying outside agriculture. At any rate, MPH has never dominated the board of HML. In keeping with this trend, even at the last board meeting, which Guinness and Faris attended on 29 July, there was no attempt at domination.

One change certain to take place immediately is the appointment of a managing director, made mandatory by the recent amendment to the Companies Act. Thus, this is not related to the Ambledown takeover. Right now HML's board is a completely non-executive, with Field Marshal Sam Manekshaw as chairman. The new managing director is likely to be P.K. Menon, who has been with the company for 30 years and is currently chief executive.

HML, something of a blue-chip company, is a prime takeover target. It has raked in good profits since 1921 and offered steady returns to its investors. It has never offered a dividend less than 20 per cent. In 1984 it declared 30 per cent on a share capital of Rs.3.25 crores. This year's dividend is 25 per cent.

Though HML is not a greatly diversified company, it doesn't have all its eggs in one basket. By spreading out into tea too — it currently has 6,009 hectares — the company has been able to offset the ups and downs of one against the other. In fact, until 1984-85, it had made more money from tea — about 75 per cent of its income. But now with rubber prices having steadily risen, the picture has changed. Though turnoverwise tea is higher up on the scale (13 million kg last year, compared to 11 million kg of rubber), greater profits come from rubber. This is because HML's production costs are lower, thanks to remarkable yields and higher productivity. At the same time, however, such performance has at-



tracted the taxman's axe. This year's provision for taxation was Rs.5.75 crores, or over half the profit of Rs.10.82 crores.

Then again, HML's property assets are themselves attractive. A conservative estimate values its 25,209 hectares of plantations as currently worth Rs.150 crores. Ironically, in a gross undervaluation done in 1978, and left unrevised in true blue bureaucratic fashion, the RBI placed the company's property at just Rs.4.22 crores worth! As on 31 March 1987 the company's freehold and leasehold assets (land and development) stood at Rs.6.89 crores. It has another Rs.5.49 crores worth of building assets.

Thus, HML's profile is that of a profitable, well-run company. And with the controlling interest held by MPH in UK it is just the sort of offshore deal that foreigners and NRIs would love. That was why well-known NRI corporate raiders like the Chhabrias and the Hindujas figured prominently in the rumours that gave sleepless nights to the HML management.

The takeover bids began around April. About 36 enquiries streamed into H&C; according to corporate sources in the know only about four were definite offers. Even at that stage H&C had denied that it was planning to sell MPH. It asked some others to get back after June by which time the deal with Ambledown was through. This led to speculation that H&C was giving more time to Ambledown to raise the money. H&C's ultimate divestment of MPH is probably because H&C is slowly moving out of plantations worldwide.

Well-informed sources maintain that some Indian companies were definitely in the running, these included MRF Ltd, the Tatas. The multinational Unilever was reportedly in the running too. With such big names floating around, it was little wonder that most corporate observers were knocked off their watchtowers by the surprise entry of the little-known Ambledown. Speculation was immediately rife that Ambledown is actually a front for the Hindujas, who under the glare of the Bofors scandal, hastily backed out of the race for MPH. Another slightly more credible hypothesis held that Ambledown Investments is only living up to its name — it saw MPH as a good, clean investment, made a bid H&C couldn't refuse (rumoured to be £ 12 billion), bought the company and is now waiting to scalp someone for a much grander price.

Guinness himself is perturbed by the speculation surrounding his takeover. When contacted in Bombay at The Oberoi — he was on his way to Cochin to attend HML's AGM on 16 September — he said, "I have bought HML in my own capacity." Guinness did say, however, that he has received messages from unknown persons, presumably businessmen, interested in buying HML from him, but has not met anyone since a resale was "out of the question". Guinness refused to comment further on the matter since he had not had the opportunity of talking to the directors, bankers, brokers and others concerned with the affairs of the company. He therefore felt that it would not be fair to talk to the press at this stage. According to him, two weeks hence would be more opportune.

In all this, the people who feel left out are HML's employees, especially its estate workers who now number 28,729 in all, including the temporary ones. There has been some unrest in HML's estates. Trade union leaders confronted their estate managers, demanding to know more about the takeover bids. But most of these managers were themselves in the dark. As it is, workers are agitating for another reason. They want a higher rate (Rs.2.25 per tree) for high-level tapping while the management refuses anything beyond Rs.2. Thus, workers in 12 estates are now on the warpath.

Not exactly happy tidings that will greet Guinness and Faris when they arrive for their newly adopted baby's eleventh AGM on 16 September. Undoubtedly, they will be the cynosure as the HML people wait eagerly for signals that will indicate Ambledown's real interest and plans for India's largest rubber plantation company.

■

K. G. KUMAR

BOX 1

The new helmsmen

He's Irish, part of the illustrious Guinness family of bankers and brewers, was brought up and educated in the UK, and now lives in Australia. Anthony Jack Guinness is just around 38, which makes him the youngest director to have ever sat on the board of HML: quite a remarkable departure from the crusty and hallowed tradition of Harrisons. It also speaks volumes for Guinness's credibility and clout.

A product of Eton and Trinity College (which is where, incidentally, many scions of the Guinness family have been traditionally educated), Anthony Guinness has a first class honours in biochemistry. He emigrated to Australia around six years ago and now lives in Sydney.

Wide interests. In Australia his business include wool and agricultural consultancy, including financial services. His firm, GMB Financial Services, is said to have a paid-up capital of over Australian $ 1 million. Guinness has developed property in Australia for the likes of the Warrens tea group. And in Australia's wool business Guinness is reputed to be very big, with interests covering the gamut from farming to processing and trading.

People who have met him say Guinness appears to be truly a product of the times — young, ambitious, sophisticated without being stiff and straitlaced. He is a computer buff who was initiated into chips and bytes by his father who gifted him a PC. At HML's Cochin office he spent time going through its computer set-up. This is Guinness's first venture into an Indian company.

The other player, T.K. Faris, is a 46-year-old Britisher who lives in Surrey, UK. A chartered secretary by qualification, Faris has had considerable exposure to north Indian tea operations. He was on the board of Mcleod Russell India before it was sold off.

Of the two, Guinness appears to be the one who calls the shots, according to those who have met both. Faris who, some say, seems the more conservative type, keeps a lower profile, though he did chip in with whispered advice for Guinness every now and then at their first board meeting of 29 July.

Guinness and Faris arrived in Cochin on 25 July. That day they visited HML's Mooply rubber estate, and the next day the Lockhard tea estate in the High Range. When they arrive next in Cochin for the company's AGM, they will be greeted with more than the ordinary warmth reserved for directors.

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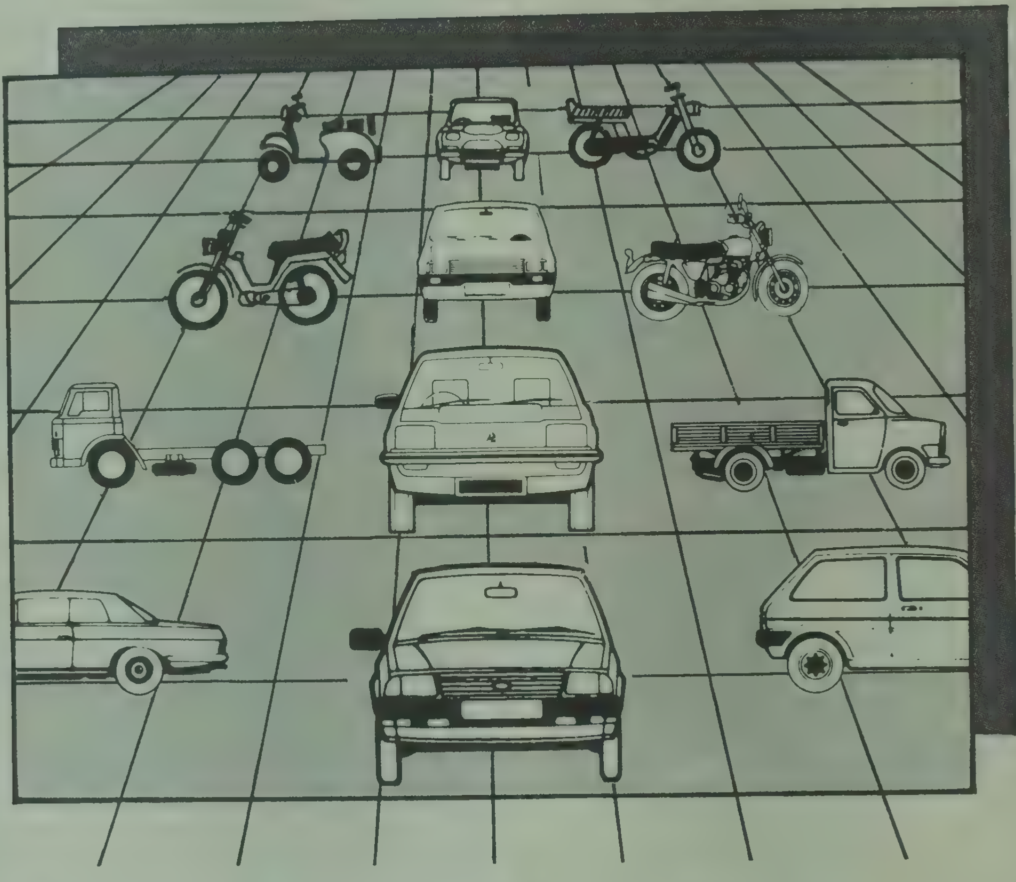

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LUMINIUM INDUSTRIES

Do or die

luminium Industries (Alind) was once Kerala's premier electrical ngineering company. Financial mismanagement has now made the ompany sick. Referred to BIFR, the company is now trying hard to turn round with the aid of the financial institutions, banks and some state overnments. But a lot will depend on the prospective promoter the ompany is on the look-out for

Nayar: tighter control

look at the balance sheet of Alind is uaranteed to evoke dismay. Against its resent share capital of Rs.3.53 crores, lind has a negative worth of Rs.13.24 rores. In 1986-87 alone, Alind suffered a ss of Rs.6.95 crores, nearly twice its hare capital. Worse, because of its huge orrowings and accumulated losses, lind's interest outflow hovers around 11 er cent of its sales turnover (in similar perations, the interest to sales ratio is round 4 to 5 per cent.)

But despite these gloomy statistics, lind may get a new lease of life. The ndustrial Reconstruction Bank of India IRBI) has declared the company a poentially viable unit and the Board for ndustrial and Financial Reconstruction BIFR) has outlined a scheme to once gain make Alind a profitable company.

Alind's financial situation is serious nd the scheme that the BIFR suggested February 1988 requires sacrifices from veryone who has a stake in Alind's profability — the banks and financial instiutions, the governments of the states here Alind's units are located, and the bour unions. Fortunately, all of them ave recognised that if the sacrifices are ade, at least something can be salvaged. he alternative might be far more drastic - the closure of Alind. One of the most erious obstacles has already been overome. Under an agreement signed with 3 unions in seven divisions, the workers ave agreed to an effective cut in wages nd promised not to resort to unnecessy industrial action.

The IRBI has asked banks and financial nstitutions to give Alind special concesons. They have been asked to convert sses (now totalling Rs.33 crores) into w-interest term loans, provide working nds at concessional interest rates, lend ehabilitation funds for technology upradation and statutory payments, and onvert debentures into equity.

The three state governments involved — Kerala, Andhra Pradesh and Orissa — have been asked to

- defer recovery of sales tax for at least three years interest-free;
- give concessions in power tariff and exempt Alind from power cuts; and
- refrain from raising the lease amount for leasehold agreements.

The individual governments have also been asked to help in Alind's rehabilitation. The Kerala government has been asked to provide guarantees for working capital requirements. The Andhra Pradesh government has promised a one-year sales tax deferment.

The management has also urged the central government to exempt Alind from Section 115 J of the Income Tax Act until the carry-forward losses are wiped out. (This section invites a minimum tax of 30 per cent on a company's book profits). The management feels that the exemption is likely to come through. If it does, it will save the company about Rs.10 crores. Another concession sought from the central government is the deferment of excise duty for one or two years. At the projected turnover of Rs.75 crores in the first year of rehabilitation, this will save the company about Rs.8 crores.

The labour agreement at Alind was regarded by observers of Kerala's industrial scene as nothing short of miraculous. Under it, payment of incremental wages, including increase in variable DA, will be deferred for three years and treated as an interest-free loan. The deferred wages will be paid in instalments three years from the date of implementation of the rehabilitation scheme. Incentives will be paid only from the breakeven level. Payment of bonus will be linked to profits. The workers have also agreed to improve productivity.

FINANCIAL INPUTS REQUIRED

But the concessions and the agreement with workers will only help to somehow keep Alind limping along as it has been doing for the past several years. To turn it from a loss-making unit into a profit-making one requires massive financial inputs. The company is therefore looking for a promoter who can pump in about Rs.3 crores. The management is also planning to generate funds through the disposal of assets — surplus plant and machinery; a 10-acre plot in Mannar, Kerala; and its office in Bombay's premier business district.

How did Alind end up in such a tight situation? Its performance in the first decade of operation and for a long time thereafter was good, even dazzling. One reason for the fall in profits was bad financial management. The company never increased its share capital when the going was good. The last time it did this was in 1969-70 when the share capital rose to Rs.3.55 crores. In contrast, the capital employed swelled from Rs.9.24 crores in 1970 to Rs.31.03 crores in 1986. The necessary consequence of the failure to raise equity capital was that the company had later to resort to massive borrowings and therefore make provision for a gigantic interest outflow.

The quality of the management too was questionable. In 1986, the average age of the directors on Alind's board was 75. Not surprisingly, the board was far from vigorous. In fact, one of the first conditions laid down by the consortium of banks which agreed to extend a revival package in 1986 was the reconstitution of the board. In February 1987, N.N. Pai, a former chairman of IDBI, became chairman of Alind's board.

There were external problems too. For one, its main customers — the state elec-

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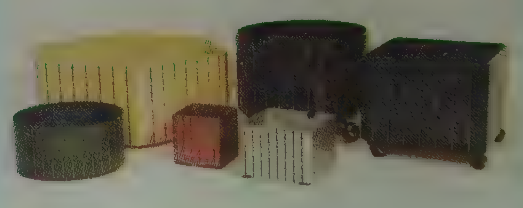

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rity boards (SEBs) — were neither h-rich nor punctual in their payments. eir offtake of the company's products conductors, switchgears, relays — was egular. What was worse, they often can- led orders and failed to pay for mate- l already supplied. Consequently, nd was burdened with a large inven- y of finished goods and bad debts. turally, it frequently faced a shortage working capital.

Another problem was the availability key inputs. All the aluminium-produc- states (Tamil Nadu, Karnataka, Ori- , Madhya Pradesh, Uttar Pradesh and rala) have been hamstrung by power ts. This hit the production of Alind's ncipal raw material — EC grade alu- nium — and lowered its capacity util- tion. In 1985-86, the backbone of the mpany, the conductor division — with ants in Kundara (Kerala), Hirakud rissa), and Hyderabad (Andhra Prad- h) — reported a capacity utilisation of ss than 51 per cent.

The 1983-84 period brought new trou- e. Alind was banned from importing rough MMTC. The reason — one of the yers of REP licences from Alind had isused it to import mutton tallow. The n was lifted soon enough but in the eantime Alind was forced to purchase ore expensive material in the domestic arket.

IMPROVED MONITORING

The new management, with S.N. Nayar managing director (from October 1985 wards), did attempt to spruce up oper- ions through improved monitoring of nctional areas and tighter control of ventory. To cut down on overheads, the company did not replace the dozen managers who left over a two-year period.

It also closed down its rod-rolling mills at Kundara and Hirakud. This was because the aluminium rods produced there were costlier than those available in the market. The company is also trying to increase indigenisation in its switchgear division (which currently uses about 30 per cent imported material) and its relays division (40 per cent). Further, the company has whittled down its dependence on SEBs from 90 to 45 per cent. It hopes to reduce this to 30 per cent for future procurements, and concentrate instead on autonomous public sector companies like NTPC, NHPC and REC.

In its efforts to wriggle out of the present morass, Alind has embarked on some diversification. Its cable works at Kundara developed an aluminium alloy conductor which offers greater value-addition than steel-reinforced aluminium conductors. Another new product is special steel wires for railway sleepers. As a natural extension of its operations that required no capital investment, Alind also began an electrical contracts division in Trivandrum during 1985-86. With the company already manufacturing products like switchgears and relays, this division could make some headway in grabbing contracts for erection of substations, and electrical work for the railways. The company also branched out into a showroom and agency division at Cochin to sell electronic and electrical consumer products.

If these attempts are aided by liberal financial injections, it should not be difficult to put Alind back into the black. After all, when the IRBI declared Alind a viable company, it had good reasons for its judgement.

Alind's present infrastructure and facilities would cost Rs.60 crores to Rs.70 crores. Its wide mix of products is aimed at the core sectors of the Indian economy, viz, power and coal. With the government pumping huge investments into these sectors, it will not be difficult for Alind to carve out a market. Another point in Alind's favour is its foreign tie-ups: with Delle-Alsthom of France for high voltage switchgear, with Meidensha of Japan for vacuum circuit breakers, with Miyazaki, also of Japan, for wire-working machinery.

Alind has the potential to slot into some profitable industrial niches. For instance, it produces special-purpose machines for jelly-filled telephone cables for the booming communications sector. It also makes special rated switchgears with vacuum technology for the Indian Railways.

With such factors in its favour, it is not surprising that Alind has been regarded by several industrialists as a potential takeover target. Among those who took the preliminary steps are the Modis, the Hindujas, and even the Aditya Birla group. Another person who displayed an interest in Alind was K.T.P. Menon, a businessman who shuttles between Kuwait and London and has made a pile in trading. He is also said to own some small industrial units in Bangalore and Tamil Nadu. None of these people have displayed any inclination to move beyond the investigation stage. However, the businessman who has edged closer than anyone else yet is S. Golyan, a Hong Kong-based NRI who was once a customer of Alind.

Alind cannot delay matters any longer; it needs to grab a promoter soon. If it doesn't, it will find itself swamped over. Presently, orders worth Rs.70 crores are due for execution in the 1987-89 period, including one worth Rs.12 crores from its largest customer, NTPC. Most are overdue for delivery and have already begun attracting penalty clauses.

There is another source of mounting pressure — Alind's 1,500 workers, who were part of the labour settlement two months ago. The workers are growing restive. And if the "miraculous" agreement falls through, getting another one signed will require divine intervention.

lind's factory at Kundara, Kerala

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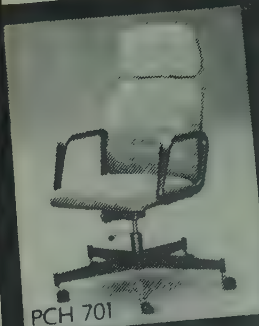
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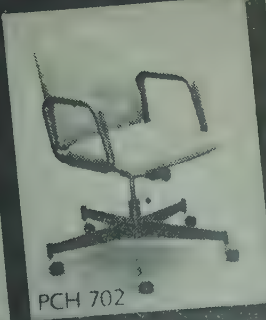
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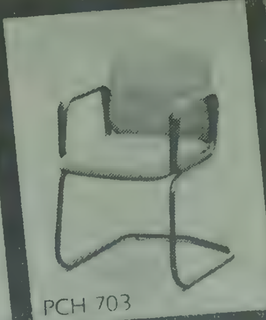
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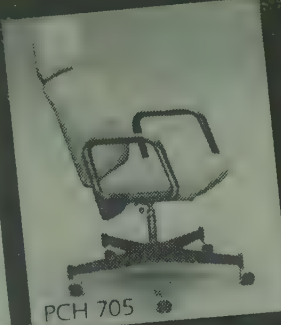
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CM

n dire straits

s is well known, the Kota complex of DCM is up for sale. The usually actious board is united in silence on the details. Lots of cash is badly eeded without which it is curtains for the floundering conglomerate

ie DCM board is closing ranks, at least ı one issue. All the directors have deded to keep mum about the offers reived for the sale of the Kota complex. his is rare and novel behaviour for a oard that has been riven by dissent for me years now. And strange, considering ie fact that the decision to sell was rdly unanimous.

This silence has only given the rumour ongers a free field. As Bansi Dhar, nairman and senior managing director, CM, told *Business India* in a telephonic lk: "So much junk is being printed that have stopped reading the newspapers." ie race is however on for money which is dly needed by DCM to augment its orking capital. And new bidders, among hers the Birlas, the Tatas, and the hhabrias, have entered the fray.

After an initial attempt to keep brokers it, DCM seems to have resigned itself to ave an outside agency to help the sale ong. Insiders at DCM headquarters in ew Delhi hint that a foreign bank has ie charter to negotiate a sale. But noody is going into specifics.

Fortunately, certain aspects of the deal re clear. One is that DCM needs a lot of ioney without which it must face a painful death. Some estimates put the money required at Rs.25 crores, others at Rs.50 crores; a few experts say that not even Rs.200 crores can save DCM. "The situation is so bad that even if we want Rs.1 crore in cash, it will be tough to get," says a DCM executive.

Two, the sale will, at one stroke, relieve the company of a major loan burden and interest liability. During 1985-86 and 1986-87, a sum of over Rs.30 crores was borrowed from the institutions by hypothecating the plant and machinery of the Kota units. A sum of Rs.5 crores is owed to the Rajasthan State Electricity Board (RSEB) as additional interest claims on overdues. Not surprisingly, the interest burden has risen dramatically over the years. At Rs.22.5 crores last year, it nearly equalled the company's equity.

Three, selling the Kota units is the only quick way of raising cash. Hence, the recent decision to sell the land belonging to the Swatantra Bharat Mills (SBM) fits the puzzle. But then why not concentrate on the Bara Hindu Road land scheme for which the company has been fighting for many years? The reason is simple. The Bara Hindu scheme is not an instant money spinner. Although profits from this scheme are put unofficially at Rs.150 crores (and denied in public by DCM spokesmen), sources agree that it will take time before the scheme rakes in cash. "No building project is immediately profitable. It is only over a period of time, after construction has started, that the project gets publicity and money starts rolling in," says one such source. So, back to square one: money is needed, and fast.

The list of known bidders reads like a who's who of Indian business. R.P. Goenka is in the race. K.K. Birla and S.K. Birla (who has reportedly offered Rs.120 crores) too have joined in. Abhey Oswal is scouting around for operational plants (UCC, IEL, etc) and so is still interested. The Tatas (who have offered Rs.150 crores) and the Chhabrias are the latest to join in the race. It is also known now that the Africa-based Chanderias had made and withdrawn a bid.

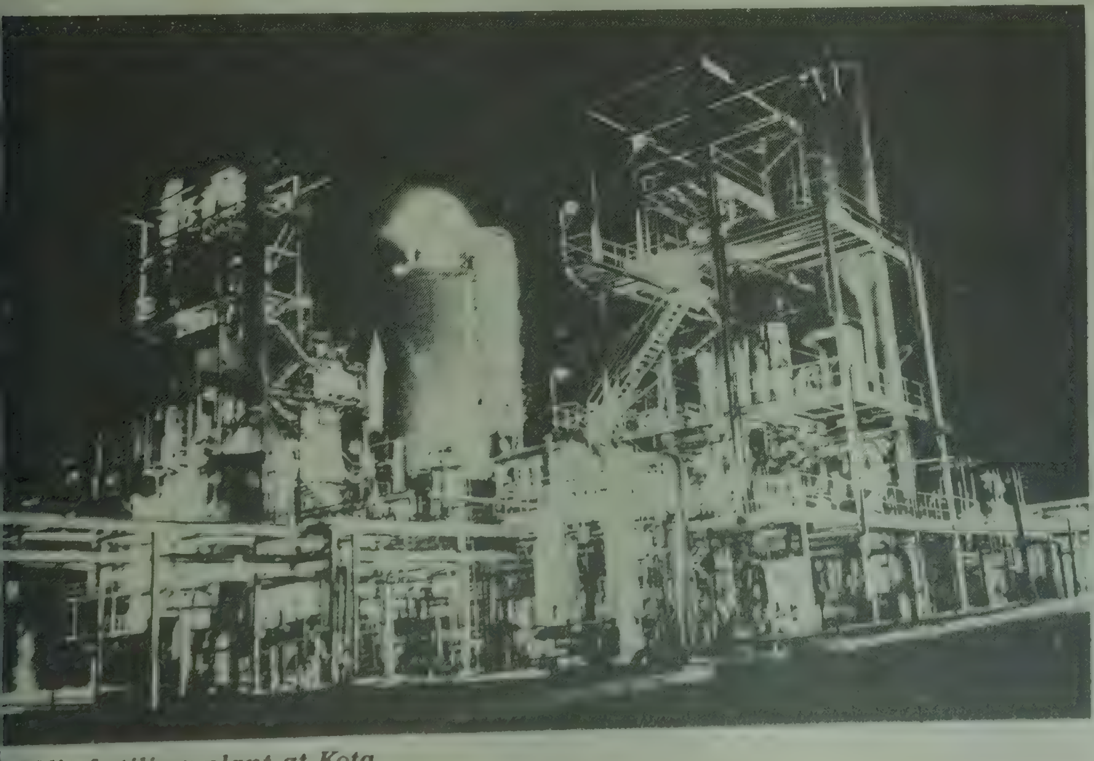
The Birla bids for Kota remain a bit of a mystery. After K.K. Birla's rather half-hearted bid, at least two other Birla bids are believed to have been made. Of these, sources say that Aditya's is the strongest. But, the complicating factor is that K.K. Birla has been edged out of Sawai Madhopur for his HBJ gas-based Aravali Fertilisers project on environmental grounds. So now, it is said that K.K. is considering Kota as an alternative site.

In the meantime, DCM claims that the Rajasthan government has promised a gas spur line to Kota. This, they claim, makes the DCM Kota fertiliser unit even more desirable. Such considerations aside, there are those who still believe that the entire deal is not worth it at all. The Chanderias, for example, pulled out pretty fast after showing momentary interest. The cash-rich Ambanis did not even bother. Some others too backed away. And many merchant bankers believe that the Kota deal may be worth it only for an NRI who does not want to deal with the problems of setting a project from scratch.

But DCM is in a most unenviable situation. The company has little choice. If it is unable to sell the Kota complex, it stands to lose by way of being burdened with loss-making units. On the other hand, the sale of the complex will amount to an admission of failure by the management. Moreover, the company will shrink in size since the Kota units account for over 40 per cent of sales.

■

ALAM SRINIVAS with
DILIP CHERIAN



CM's fertiliser plant at Kota

V.G. PANEERDAS GROUP

Chasing Wonderland

The brothers of the late V.G. Paneerdas are fighting to realise his dreams of setting up the Rs.100-crore Wonderland entertainment park in north Madras. The opponent is the Tamil Nadu Electricity Board, which wants to set up a thermal power station at the same site

It was a severe blow for the Madras-based VGP group of companies when V.G. Paneerdas, its founder chairman, passed away last May. Starting out by selling transistors to local gypsies on hire purchase, Paneerdas had eventually built up a Rs.25-crore, 6,000-employee, multi-faceted business empire.

V.G. Santhosham and V.G. Selvaraj, his two brothers, who have now taken over as chairman and managing director, respectively, are unbashedly emotional when they talk about VGP. "He was a great brother to have," says Santhosham. Now, he has taken it upon himself to realise VGP's dream of creating a Rs.100-crore Disneyland-like entertainment park in Madras called Wonderland.

But VGP's dream may well turn into a nightmare. The Tamil Nadu Electricity Board (TNEB) wants to put up a thermal power plant at the same location as the proposed Wonderland. The brothers and the TNEB have been battling it out for the last five years.

VGP's success lay in the fact that he was always keenly aware of what people wanted. Although people were aghast at his dealings with the poverty-ridden gypsies (whose side business was petty thievery) he knew that 'hire purchase' would catch on with all around. And it did in a big way. From there, the next step was a network of showrooms.

In 1972, VGP turned to housing. It was his ambition to develop townships where housing would be sold on easy instalments. Thus, leasing and housing finance was a natural extension. Real estate development has, in all, been a profitable, though at times controversial, business. There are allegations of registration lapses which are, of course, refuted by Santhosham. The group's real success, however, has been the kitschy Golden Beach Resort, constructed on the Madras-Mahabalipuram road in 1974. Today, it attracts about 10,000 to 15,000 tourists a day.

Inspired by the success of the Golden Beach, VGP launched the Rs.100-crore project to put up Wonderland. The area the brothers chose is a thin, spindle-shaped island in Ennore — a 40-sq-km expanse of land and shrub with very little human habitation in north Madras. Since
1981, the VGP brothers have acqui
1,500 acres from the local title-holde

Wonderland is slated to be comple
in five phases. For this purpose,
brothers floated a public limited co
pany which attracted NRI funds too. S
thosham claims that Rs.5 crores h
been spent so far in the first phase. W
is nearing completion in an area of
acres. Foreign collaboration will also
sought.

During the initial phase, VGP did
ceive verbal support for his project fr
the AIADMK government. Before lo
however, the TNEB entered the pict
with plans — approved by the Plann
Commission — to set up a 630 MW th
mal power plant at a cost of Rs.
crores. According to the TNEB, this is
of the only four places in the state th
meets all their requirements. Amo
other things, it is far away from any urb
conglomeration.

In 1985, the Tamil Nadu governme
which had to make a choice betwe
Wonderland and the thermal power s
tion, decided in favour of the latter. Th
followed a series of decisions against t
group, where even permissions granted
the past by various authorities were
voked.

The group subsequently took the ma
ter to court. In December 1987, howev
the Madras High Court upheld the go
ernment action for acquiring the lan
Never ones to give up, the brothers we
to the Supreme Court. The Suprem
Court passed a stay order on the therm
project and appointed a commission
ascertain whether the station should
located at Ennore, and if so, the saf
guards to be observed against pollutio
The committee's report, submitted
May, held in the main that the site
acceptable for the thermal power statio

Santhosham, however, has not giv
up and now says, "A compromise soluti
can be arrived at." The Ennore island h
a total area of 25,000 acres, and on th
western bank of the Buckingham Can
lies a further stretch of open land, me
suring more than 15,000 acres. Therefor
Santhosham feels that both Wonderlan
and the thermal station (pollution ha
ards notwithstanding) can "co-exist". H
hopes that the governor, P.C. Alexande
will intervene and sort out the proble
Meanwhile, costs are escalating for bo
projects and Madras has neither Wonde
land nor enough power.

■ SUSHILA RAVINDRANAT

Selvaram, the late VGP and Santhosham: brothers at arms

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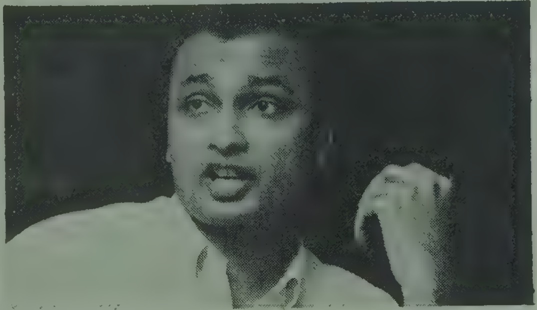
INEAR ALKYL BENZENE

Problems of plenty

With two new plants on stream, the market is flooded with linear alkyl enzene (LAB), a key material for detergent manufacture. Several large ompanies have queued up for installing fresh capacities. But the recent ntrants, Reliance and Tamil Nadu Petroproducts, are trying their best to oil their bid

About a year ago, when the Baroda-based ndian Petrochemicals Corporation Ltd (IPCL) shut down for maintenance its inear alkyl benzene (LAB: the key material for detergent manufacture) plant for 20 days, hundreds of detergent manufacturers all over the country panicked. For IPCL was then the only company making LAB. Today, despite two of the three LAB plants being shut down for more than a month and imports completely stopped, LAB is going abegging. Not surprisingly, LAB manufacturers are seeking export avenues to get rid of their large stocks.

Yet, there are at least five big names — Nirma, Hindustan Lever, Grasim Industries, Tata Chemicals, the J.K. group — getting ready to enter the fray. Nirma and Lever's applications for licences are already under consideration of the cabinet committee. While this is unsettling for the existing companies, many detergent manufacturers feel that the current oversupply is only temporary.



Ambani: existing plants can meet future demand

IPCL's LAB plant was set up with an installed capacity of 30,000 tonnes about a decade ago. Since then, although the consumption of LAB grew manifold with people switching to detergents, new capacities came up only in 1988. Not surprisingly, imports swelled each year. In 1987, 70,000 tonnes had to be imported, while domestic production was 40,000 tonnes.

In 1988, the scene began to change. Two new LAB units were set up — at Patalganga in Maharashtra by Reliance Industries Ltd (RIL) and at Manali in Tamilnadu, by Tamilnadu Petroproducts Ltd (TPL), a joint venture between Tamil Nadu Industrial Development Corporation and Southern Petrochemicals Industries Corporation. Each had a capacity of 60,000 tonnes and began commercial production at the rated capacity. Soon, production of LAB shot up to 13,000 tonnes per month (5,000 each by Reliance and TPL and 3,000 by IPCL), from 3,000 tonnes earlier. But the monthly consumption is only 10,000 tonnes. "We soon discovered that the market could not take all that we could produce," says Anil Ambani, executive director, RIL. "So we had to cut back production." Both Reliance and TPL had to shut down their plants for a month. "The government felt that the production from the three units during 1988-89 would just about equal to the requirement," says A. Satish Khanna, chief manager (marketing) of TPL. "No one imagined that both TPL and Reliance would reach 100 per cent capacity in the first few months."

Further, because of the severe drought last year, consumption of detergents has dropped. LAB manufacturers also point out that lower quality detergents are sell-

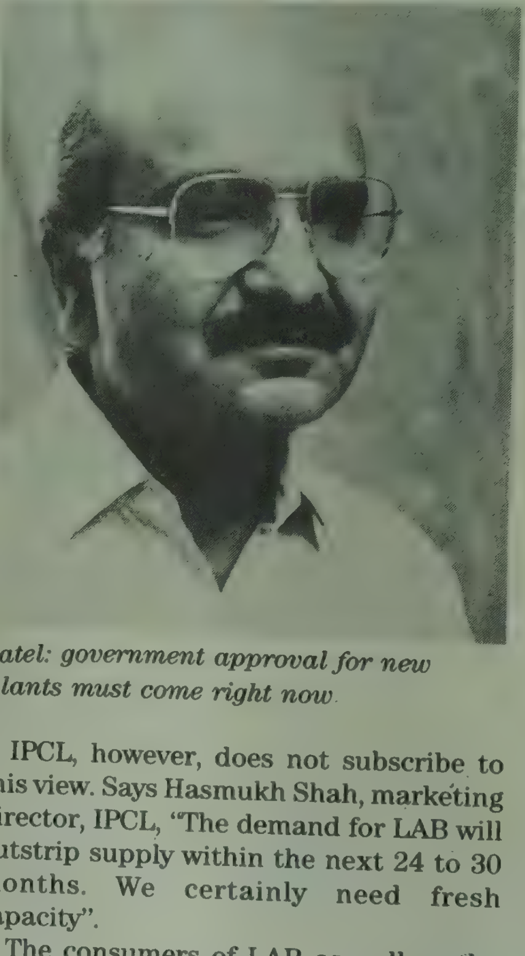
Reliance's LAB plant at Patalganga: exports to ease the surplus ing faster. Says Anil Ambani, "Sales of cheaper varieties of detergents, which contain less LAB than the superior varieties, have grown faster." To top it all, there is also a larger stockpile of imported LAB this year thanks to the State Trading Corporation importing more than the requirement.

To reduce stocks, manufacturers are now keen to export LAB. The government has already cleared the export of 50,000 tonnes. However, the numerous detergent manufacturers, mainly small-scale units, which consume LAB, are understandably wary. Says Ramnik C. Doshi, vice-chairman of the Federation of Associations of Small Scale Soaps & Detergents Manufacturers of India (which represents the interests of manufacturers who produce 80 per cent of the country's detergents), "If LAB is exported, it will again become scarce and the large manufacturers will jack up prices." To substantiate his claim, Doshi points out that both Reliance and TPL cut back production and raised their prices only two months ago.

Cautions Doshi, "RIL and TPL together hold 80 per cent of the LAB market; working in unison they can create havoc." Ambani, however, dismisses these allegations as baseless. "Export of LAB will only be an outlet for the domestic surplus," he says. "If there is demand in the country why should we export? After all, the export price plus incentives will cover only our variable cost." Thus exports of LAB are expected to enable RIL and TPL to run their plants at higher capacities and reduce average production cost by spreading overheads over larger volumes.

But perhaps there is more to the export drive than meets the eye. The two new likely producers of LAB, the Ahmedabad-based Nirma Chemical Works and Hindustan Lever consume, between them, around 80 per cent (Nirma 55 per cent, Lever 25 per cent) of the country's LAB production. Once they become self-sufficient, the market for existing firms will shrink. So they may be keen on developing export markets in advance.

Both RIL and TPL have made representations to the government not to allow any new LAB plant in the near future. They have argued that the existing plants, with small investments in balanc-ng equipments, can raise industry capac-ty to 190,000 tpa from the existing 60,000 tpa (including IPCL's expansion by 10,000 tonnes to be completed this ear). This would be enough to take care of the demand for LAB for the next five years. A letter written by TPL to H.K. Khan, secretary, department of chemicals, states: "Till the year 1994, these three units (IPCL, Reliance and TPL) can take care of the demand in the country as any additional capacity during this period willoff set the demand. Therefore it is our earnest suggestion that new capacities can be set up only after the year 1994 and hence licences may be issued to new units at a later stage and not with immediate effect." Ambani echoes this line. "There is absolutely no room for two plants. Only one more plant can come up after 1994," he says.



Patel: government approval for new plants must come right now

IPCL, however, does not subscribe to this view. Says Hasmukh Shah, marketing director, IPCL, "The demand for LAB will outstrip supply within the next 24 to 30 months. We certainly need fresh capacity".

The consumers of LAB as well as the aspiring entrants also do not accept arguments against the need for more capacity in the next couple of years. "Reliance and TPL are afraid that their monopoly will break and that is why they are blocking the new plants," says Doshi. Both Nirma and Hindustan Lever feel that Reliance and TPL's calculations are based on incorrect assumptions and do not give a true picture of emerging demand. Says Karsanbhai Patel of Nirma, "Over the last five years, the consumption of LAB has grown at more than 15 per cent per annum. So by 1993 it will double to 250,000 tonnes." Further, according to him, the entire installed capacity of the existing units will be just enough to me the industry's demand for 167,000 tonne of LAB in 1990. "I have no doubt that th country needs more LAB plants befor 1991," asserts Karsanbhai. "So government sanctions must come right now because it takes a minimum of three year to set up a new plant."

Another major flaw of Reliance an TPL's estimates, according to industry insiders, is the assumption that the existing plants will operate at 100 per cen capacity utilisation. "In the last ten years IPCL could achieve 100 per cent production in only two years," points out Patel Similarly, P.M. Sinha, vice-president, Hindustan Lever and president of both the Indian Soaps and Toiletries Makers' Association and the Development Counci for Soaps and Detergents observes, "The standard norm in the chemical industry is a maximum capacity utilisation of 8 per cent and LAB plants are no exception." Sinha, who is currently associate with the formulation of the working group report on soaps and detergents fo the Eighth Plan, also pointed out that t assess the requirement of new LAB capacities during the Seventh Plan, the working group's estimate for capacity utilisation was 80 per cent and not 10 per cent. Thus even if the existing manufacturers raise their combined capacity t 190,000 tonnes, the expected output o LAB will be around 150,000 tonnes. This will be just enough for the next year, i consumption continues to grow at 15 per cent a year.

No doubt, projecting demand for any commodity is always tricky. So the government's decision is likely to depend a great deal on the lobbying power of the contending groups. Already, Lever's proposal is in trouble. Although it applied for a LAB plant at Vizag, Nirma has reportedly been chosen for that location. Instead, Lever's plant has been tied up with the proposed Karnal refinery in Haryana, which is still at the drawing board stage. Moreover, according to recent reports, Tata Chemicals has also applied for a LAB plant at Karnal, where it will also set up the refinery jointly with Indian Oil Corporation. Hindustan Lever claims it has not heard anything from the government as yet. Says Sinha, rather ruefully, "We have waited for the last five years. We will wait another five years. What else can we do?" ■

DILIP MAITRA with
SUSHILA RAVINDRANATH from Madras

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Access time	1 μs
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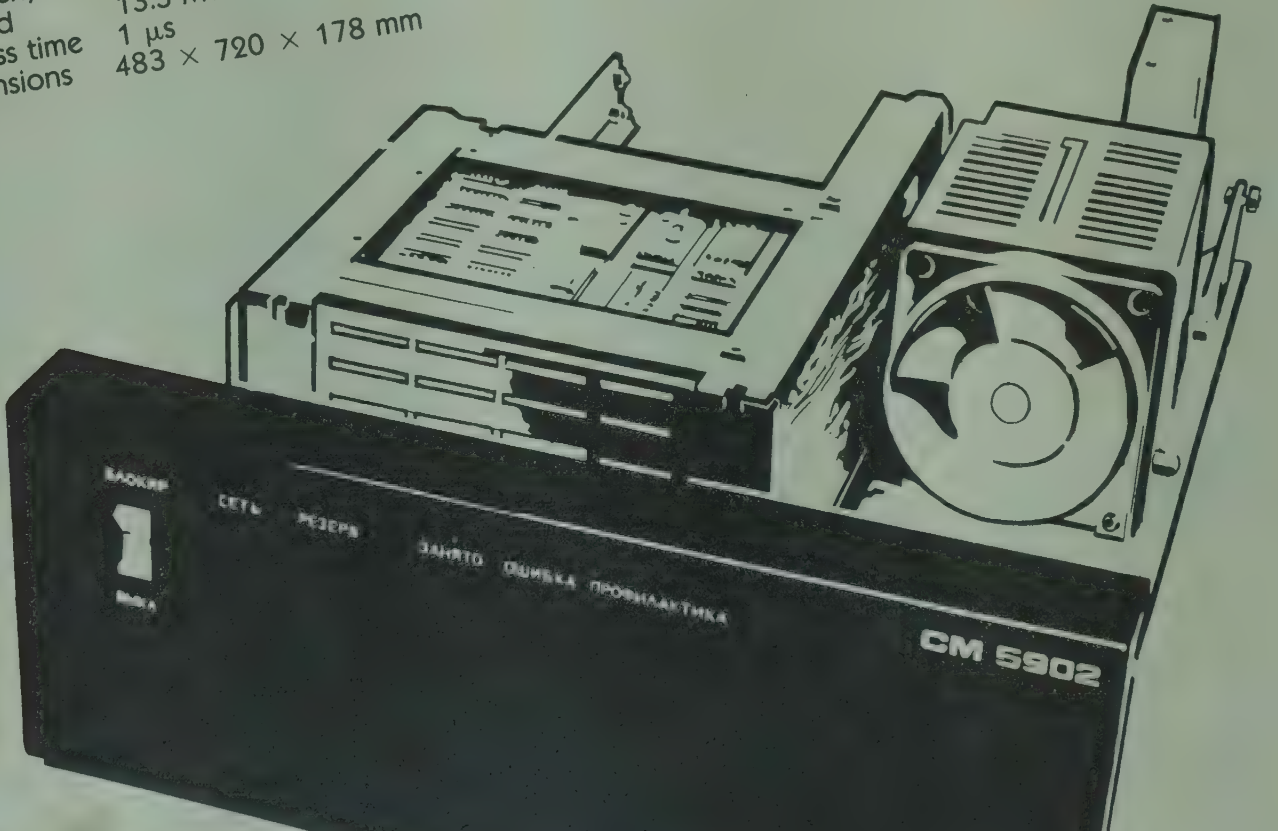

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HOTOGRAPHIC FILMS

A murky image

Remember those days, not very long ago, vhen getting a family photograph shot neant trooping *en masse* to a photo studio, squatting under blinding arc lights, aying "Cheese" to a cameraman peering rom behind his Rolleiflex and then waiting a week, fingers crossed, hoping your nother would not turn out cockeyed in the picture? Well, photography has come a long way in India since then. Getting a camera, buying a roll of colour film, getting the film developed, are all as easily done now as buying a TV, a washing machine, a grinder or a VCR from the neighbourhood store.

The rapidly expanding photography trade is one of the more striking manifestations of the consumer boom of the eighties. Unofficial estimates say that Indians will click upwards of 190 million pictures this year, spending close to Rs.150 crores on 135 mm and 110 mm colour negative rolls alone. A huge leap from the days when shutterbugs in the country collectively spent less than Rs.10 crores annually! And that was as recently as the early eighties!

But, unlike trade in other consumer durables, the photographic trade is a largely unrecorded and murky business, much of it, in one way or the other, illegal. More often than not, when you buy a colour roll from your local store you are inadvertently helping some illegal set-up prosper somewhere. A Kodak 135 mm colour roll should legally cost around Rs.90, a similar Fuji roll Rs.75 and a Konica roll, (the most popular of this range of films in the market) Rs.65. But there are not many photographic retailers in the country who will charge more than Rs.65 for a Kodak, Rs.55 for a Konica and Rs.60 for a Fuji. This is possible because, on most occasions, you are buying a smuggled commodity, and when not, the retailer is at least evading sales tax, which forms a large portion of the selling price.

No photographic colour film is manufactured in India. Import of colour negative film is allowed under open general licence (OGL) which means anyone can import it. But the duty is a backbreaking 188 per cent. Added to this are other taxes like state sales tax, octroi, turnover tax and sales tax surcharge which together push up the selling price by another 22 per cent in Maharashtra and by 10 per cent in Delhi.

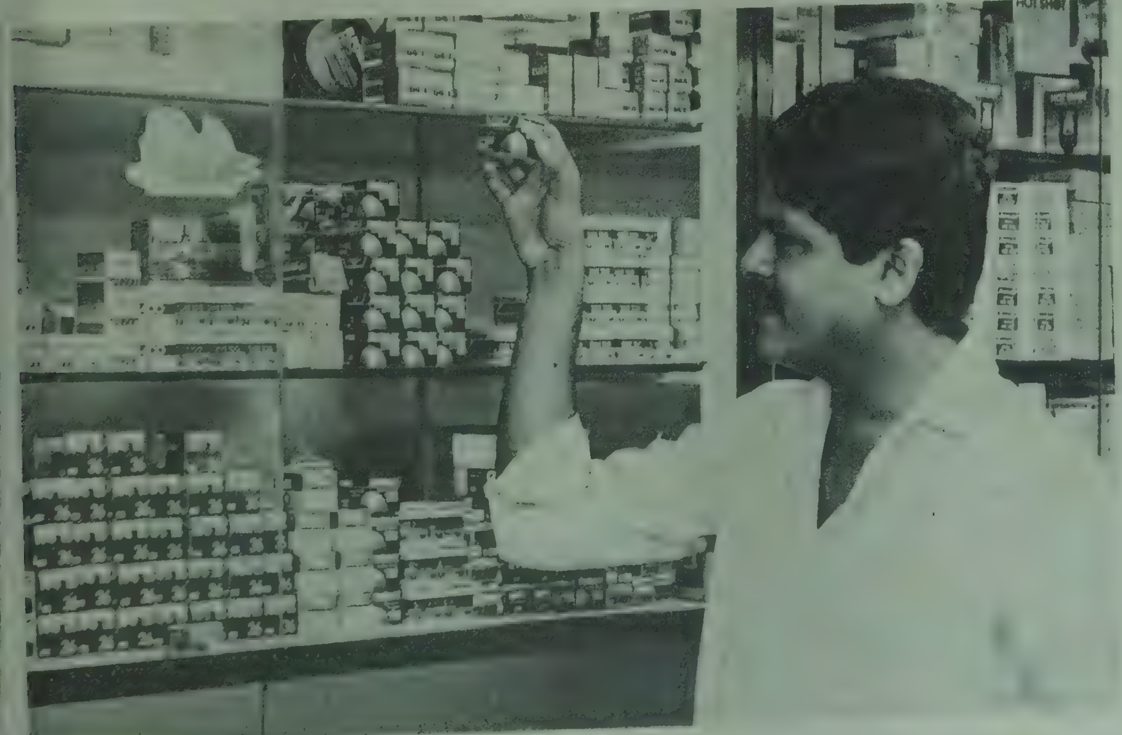
In the light of all this the CBI's revelation last fortnight that it had cracked a massive customs duty evasion racket in Konica colour films at Delhi airport did not come as a surprise to many people in the trade. The duty evaded was said to be about Rs.20 crores. This means that an attempt was made to smuggle in more than 5 million colour negative rolls using forged bank documents.

In a trade that is so widely dispersed and disorganised, correct statistics are almost impossible to obtain. According to rough estimates, Indians will expose about 25 million colour negative rolls and 5 million black and white rolls this year; 60 per cent of this will be in the "grey import" category, that is, either the union government will be cheated of the customs duty or the state governments will not get their share of sales tax.

The illegalities in the photographic film trade have risen exponentially with the increase in business. The spurt in sales began around 1983 as a culmination of three important factors, combined with the ongoing consumer boom in urban India. First and most important, the union government in 1983 placed the import of colour negative films under OGL after having failed with the experiment of canalising their procurement through the STC. Simultaneously, it also reduced to less than 50 per cent the import duty on mini-labs that are used for instant processing and development of these colour films. And thirdly, Photophone launched its Hot Shot cameras with the kind of advertising blitzkrieg that suddenly made photography a household passion, at least in the larger cities of the country. Hot Shot's success inspired Agfa-Gaevert to come out with its model, the snapper.

Thus, today, there are more than 300 mini-labs in the country and their number is rising at the rate of about 25 per cent a year while the number of camera owners has also kept pace. In the early eighties, there were about 100,000 camera owners; the number is believed to have risen to 1.5 million currently and is increasing at a swift pace every year.

Photographic film sales went through the roof in the two years following the change in import policy, and the current growth rate is estimated to be about 40 per cent annually. "Even worldwide," says a film company executive, "India is looked upon as one of the few markets that still has a potential for tremendous growth in the field." In fact, in 1985, within one year of film imports going under OGL, Japanese industry statistics revealed that, in importing 7 million colour rolls, India ranked tenth in their list.



Photographic films: a vitiated market

However, only one company, the Japanese Konishiroku Corporation, had anticipated, in 1983, the growth of the Indian photographic market. Unlike the two giants of world photography, Fuji and Kodak, Konishiroku itself was a nonentity in this country till around 1984, the small market here at that time being a virtual backyard of Eastman Kodak. But, by using superior marketing techniques, the Japanese company was able to capture as much as 80 per cent of the market.

For its foray into India, Konishiroku concentrated on two areas. First was its media campaign. Financed, reportedly, by the Japanese themselves, it was all pervasive and within a short period of less than a year turned Konica into a household name much like Photophone's Hot Shot. Second, it sold the film cheaper to its Indian importers than anyone else had in the past. Its selling price was as low as $1.03, less than what it was charging importers in any other country. With this obvious price discrimination in favour of India it was hoping to capture a major share of the market. So a Konica 135 mm roll was sold to the Indian camera user for Rs.35, compared to which Fuji was going for Rs.45 and Kodak for Rs.55.

But as Kodak sees it, there was another important reason for Konica's success — its system of import. While Kodak itself was in those days importing for its dealers, in the case of Konica any photographic film dealer could import the film on his own. All the potential importer had to do was approach the local Konica representative, Chokshi & Co. Chokshi helped out with the formalities, but the actual import was done in the name of the dealer. This system had vital advantages in the sense that it was easier to evade sales tax. Also, it is simpler for a small importer to sell his goods without charging sales tax.

More importantly, it is also easier for individual importers to effect sales on the high seas, which is another novel way of avoiding sales tax. Even before the consignment reaches Indian ports, the original importer sells the documents to another buyer — in most cases, himself operating under a fictitious name. This fictitious company then clears the consignment from the customs and sells it to retailers. Since this company does not exist there is no way the sales tax authorities can trace the consignment after that.

This kind of advantage which individual importers enjoy is believed to be widely responsible for Kodak's decision to change its policy on imports. Since last year, the company has been encouraging its dealers to import on their own. Coupled with a much more aggressive marketing policy, Kodak has since been able to capture some of the lost ground. The market share pattern of colour films now reads something like this — Konica, 65 per cent; Kodak, 20 per cent; Fuji, 10 per cent; and the rest, 5 per cent.

A mini-lab: contributing to increasing film consumption

Over the last two years, knowledgeable sources point out that importers, who had thus far avoided only sales tax, have taken to avoiding all duties. The Delhi racket was conducted in this manner. But more important is the smuggling that takes place across the border from neighbouring countries. Compared with nearly 210 per cent duty that an Indian consumer pays for his roll of colour film, the duty in Nepal is 80 per cent, in Pakistan 100 per cent, in Bangladesh 100 per cent, and in Thailand 50 per cent. Singapore is a free port. Thus a large quantum of films is known to be smuggled into India by land from Bangladesh and Nepal, and by air from Singapore.

Another important activity that is common in the Indian photographic film trade is the phenomenon of re-export. The Japanese and American film manufacturers sell their products to India at prices that are among the cheapest for any country in the world. This is done so that the high duty structure in the country does not result in the film going out of reach of the consumer. Thus an Indian importer gets a Konica or Fuji film at a price that is around 20 to 30 per cent cheaper than it is for a Singaporean importer. Indian importers have over the years taken advantage of the price differential between the CIF values for various countries and re-exported the films to countries where the price is higher. You are allowed to re-export an imported product by the RBI before customs clearance if you get a minimum mark-up of 15 per cent on the CIF value. As a result these exports have been on the rise.

But on the other side, these re-exports have had a disturbing effect on the markets of countries receiving the product, since it gets there at a price much lower than the officially designated price. Of late, companies like Fuji and Konishiroku have tightened their export rules to prevent Indian importers from indulging in this practice. The local Fuji film representative, for example, now does not accept indents for more than 10,000 rolls.

The Japanese might eventually succeed in protecting their markets but the more important question is, will the Indian government take steps to protect itself from the ills of smuggling in films. It is estimated that the government could be losing up to Rs.50 crores annually on account of this. Thailand which had a similar problem some years ago was able to get over it by reducing duties drastically. The government's income there increased because of the rise in consumption of films on account of lower prices. Will the mandarins of the union commerce ministry please take note?

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BANK COMPUTERISATION

For whose benefit?

Bank managers in charge of computerisation are very prompt in reeling off statistics regarding the number of machines installed in their banks. But what exactly have been the benefits of computerisation for the bank managements, unions or customers?

Below

Rangarajan: computerisation in banking cannot be compared to that in the Railways

Bottom

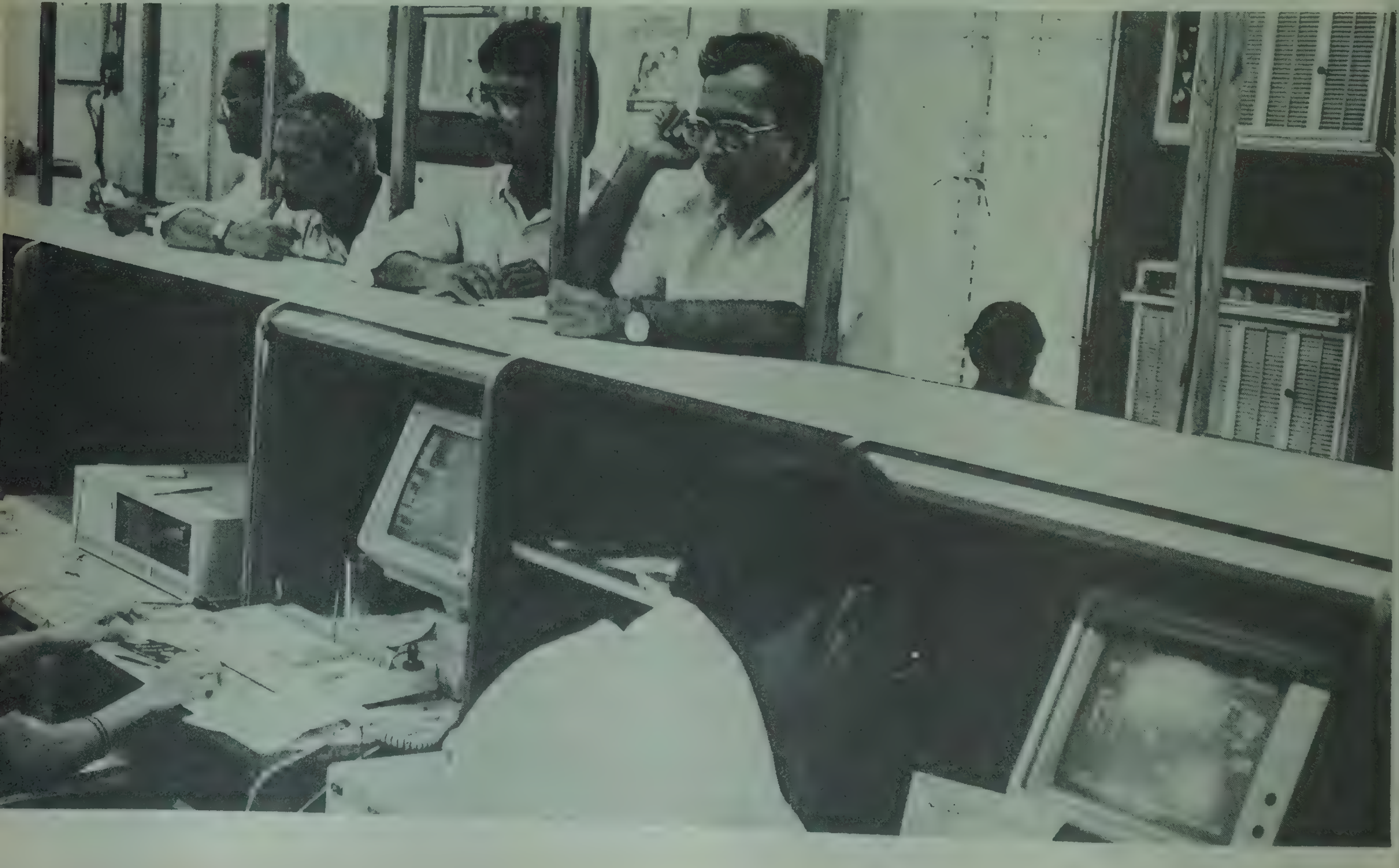
The queues are not moving any faster

It can no longer be justified as a teething problem. If four years after the introduction of computers in banks there are no perceptible benefits, the problem must be serious indeed.

After the railways demonstrated what computerisation can do, much had been expected of banks too. But bankers do not foresee in the near future any dramatic change in the quality of the service they offer, what with the planned implementation of computerisation way behind schedule and the unsatisfactory performance of what is in place.

This has not cramped the Reserve Bank's style, though. It is drawing up new strategies and ambitious plans for Indian banks to catch up with developments worldwide. In the age of electronic banking all these plans are necessarily technology-intensive; so the RBI is shortlisting mainframe vendors for bank head offices, looking at networking possibilities for data communication, and negotiating with the Society for Worldwide Inter-bank Financial Telecommunications (SWIFT) to enable Indian banks to effect electronic fund transfers internationally.

Bankers as well as computer professionals involved in the computerisation exercise, however, have serious misgivings about these plans. Their fears are not about the delay in progress but about whether the progress is in the right direction. These apprehensions have culminated in the Indian Banks' Association (IBA) commissioning on its own initiative (independent of the RBI) software consultants for feasibility studies of total branch automation (as against the partial automation route followed so far). The consultants include both Indian and foreign companies like TCS, PSI, CMC, Kale Consultants, Pieco, Arthur Anderson and Cosil (a subsidiary of Citicorp's information technology services wing). The preliminary report will be done free of cost. Based on this, the IBA may, if the individual bank unions agree, assign one branch each of various banks to each of these consultants to actually demonstrate on-line banking.



Sud: the minis are generating a lot of the branch office returns

The live demonstration assumes significance in the context of past events. The banking industry has the unique distinction of allowing its unions to have a say not only on the level of computerisation but even on exactly how to go about it. With no clear conception of computerisation, bank managements had to concede to ridiculous conditions in the agreements in 1981 and 1983. This became a real handicap for the public sector banks, especially because foreign banks were able to go ahead with full-scale computerisation in the meantime. The next round of negotiations are slated to begin in September 1989, and thus the need for a live demonstration before then.

The main aim of computerisation as per the Rangarajan Committee report of 1984, was better customer service, housekeeping and management information systems (MIS). These objectives, however, had to be attained within the constraints of the 1983 bipartite agreement. Although the 1983 agreement broadly allowed the use of dedicated computers for front offices and full-fledged computers for bank offices, the 1987 agreement included a host of qualifying clauses which made a mockery of the bank computerisation plan. The unions specified that:

- configuration of the ALPMs (advanced ledger posting machines) would not exceed 256 kilobytes and 16 bits.
- ALPMs would be stand-alone machines, each dedicated to a particular function and that there would be no linkage between two ALPMs.
- the number of savings bank accounts per ALPM would only be 2,200 and for other accounts like current accounts, cash credit and loan accounts the average number of vouchers would not exceed 400.
- only if a branch handled more than 750 transactions per day would it be eligible to have ALPMs, subject to the condition that the total number of ALPMs in any one bank does not exceed its quota of the total 3,500 for the banking sector.

Frustrated members of the computer departments of banks point out in private that the blame for letting the unions dictate terms lies squarely with the top management. According to them, when the unions saw in 1987 that the management had not been able to implement whatever was agreed upon in 1983, they could push the managements to the wall. Although the Rangarajan Committee had envisaged the installation of 10,000 ALPMs by September 1987, the banks managed to buy only 3,500 machines totally. These machines had been "dumped" at the bank offices by the vendors but even the cartons had not been opened in a large number of cases — a fact also confirmed by the vendors. Thus the unions conveniently bargained for "making live" the machines which had already been bought. Thus, the target of 10,000 ALPMs by 1987 was slashed to 3,500.

Today, given the RBI's pressure on the banks to fulfil their computerisation quotas, the bank managements' emphasis only on numbers is typified by the statement of M.K. Bose, general manager, Bank of Baroda, "BOB has purchased 368 machines — the highest in the banking sector." (Bose, like his counterparts in other banks, has his statistics at his finger tips, thanks to the frequent reporting to the RBI.) He does mention that of these 368 machines only 225 are operational. For the whole banking sector, although 3,498 machines have been installed, only 3,176 are "live".

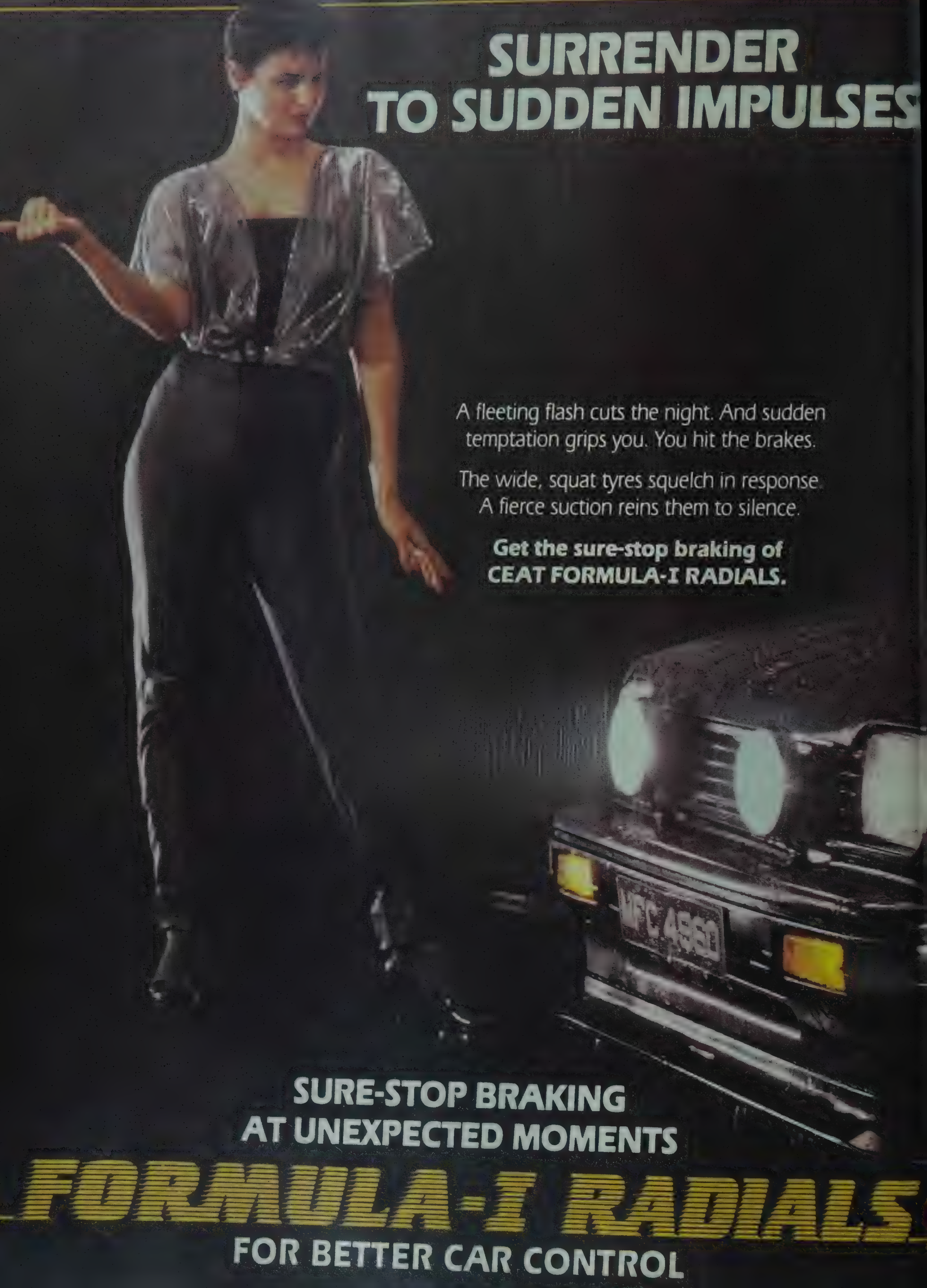
But more important than these numbers, what have these ALPMs, acquired at a cost of Rs.80,000 each and serviced at the cost of Rs.7,000 each per year, meant to customers? "Besides psychological satisfaction little else," says a customer. With each machine being "stand alone" it cannot mean much more. Unlike in the case of computerised railway bookings where a customer can approach any counter, the bank customer, even if his branch is computerised, has to queue up only in front of the machine which holds his particular account details

Hoskote: ninety per cent is paid to the vendors after hardware supplies

Quite a number of banks have not put savings accounts on the computer due to the restrictive clause of only 2,200 accounts per machine. "The restriction of 2,200 accounts may mean that only 40 to 50 transactions are carried out every day, leaving the rest of the machine time idle," points out L.S. Hoskote of Union Bank, a computer professional who joined the bank as deputy general manager five months ago. In busy branches which handle over 30,000 savings accounts, this would mean more than 12 ALPMs for savings accounts alone, Hoskote points out. Ironically, a clerk working manually can handle as many as 5,000 accounts. But as per the 1987 agreement, staff members sitting at the machine get an extra allowance of Rs.350 per month.

What the ALPMs do for the customer is to give instant account or balance status, error-free interest and a neatly printed statement of accounts. "That's more or less what the customer is looking for," says Harsha S. Palav, who is in charge of branch mechanisation in Central Bank. But with more and more people travelling abroad where a customer can transact his business at any branch of his bank, access automatic teller machines and effect electronic fund transfers, is "error-free interest and neat statements" all that an Indian customer is looking for?

Can these demands be met the ALPM way? C. Rangarajan, deputy governor of the RBI and the architect of the bank computerisation plan, is optimistic that "things will happen in phases". Bank computerisation, according to him should not be compared with that of the



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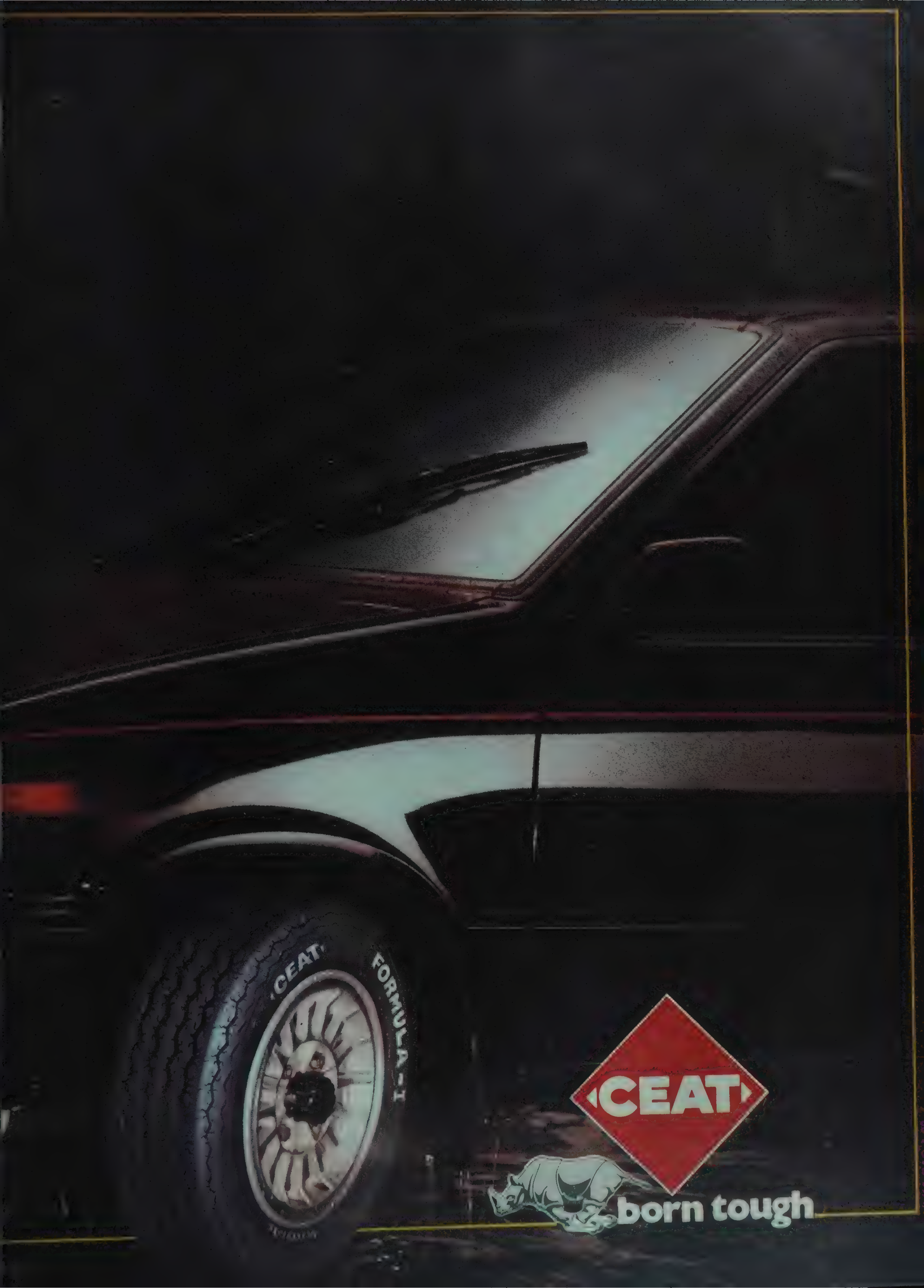
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Railways, as the number of points of customer interaction is much larger in the case of banks. "For instance the ALPMs have been installed in 800 different locations," says Rangarajan.

Even though in a branch a lot of the front office functions may be put on the ALPMs, at the end of the day the balancing of books either has to be done manually or again processed on another machine because interlinking is not allowed. However, bankers agree that because the ALPMs can at least generate consolidated figures, balancing is easier at the end of the day. Yet, they point out, that no problem branches, ie, branches where the number of transactions is very high, have been able to achieve up-to-date balancing. Rangarajan agrees with this, saying that thanks to computerisation, house-keeping is in order only in the smaller branches.

The only exception is probably the State Bank of India, which started computerisation much before the union agreement of 1983, and chose to concentrate on back office functions (this in banking parlance is called the Model II route, Model I being computerisation of the front office). "So although there are no machines at the front office, at the end of the day the books are balanced in the branches where the ALPMs have been installed," says C.K. Bapiraju, general manager, computer services department, SBI.

But the 1987 industry level agreement was silent on the back office route. So the SBI management is having to negotiate independently with its union. This has slowed things considerably.

Bankers, defensive about achievements in customer service or house-keeping, are, however, very willing to talk about the great strides made in MIS, thanks to the 161 minicomputers operational at the zonal offices of all banks. Information from the branches is transported physically to the zonal offices, where it is then collated on the machines saving a lot of tedious manual calculations. "We can now have provisional deposit figures of all our branches of a week ago and the final figures of 20 days ago," says D.D. Deshpande, in charge of MIS in Central Bank. "This not only helps in maintaining the correct reserve ratios with RBI but also improves our fund management," says Bose. "The branches have to submit a host of returns to RBI and the head office. Once all the information is put on the mini, we can generate these returns for our branches, thus taking a lot of routine load off them," points out A.K. Sud, another computer professional who joined Bank of India as deputy general manager three months ago.

Clearly the zonal computers have been put to good use. But all MIS managers agree that more than 50 per cent of computing time is spent on collecting returns for RBI and head offices (for some large branches the number of returns exceed 300 per year). They allege that a good opportunity to rationalise the number of returns before computerisation has been lost.

Bapiraju: in SBI computers have ensured the balancing of books

"It is true that MIS is today being used more for control purposes rather than decision-making purposes," says Rangarajan but points out that it is up to the banks to develop MIS packages which will help them to be pro-active in a competitive environment.

"The lack of awareness of what functions need to be computerised to enable banks to be more competitive is because the whole initiative for computerisation has come from the RBI, the banking department and the ministry of finance rather than the banks," explains a systems consultant who has been associated with the banks and the RBI. (Getting the computer companies and software consultants to comment on record is impossible with most of them still dealing with the banks.) Computerisation has not been business-driven except in a few cases. All over the world business problems have been identified, specific software written and then suitable hardware installed; in Indian banks, critics say, the whole exercise has been stood on its head. Thus even years after the machines have been installed, software supplied by the hardware vendors themselves (who have numbered up to ten in most banks) have yet to be standardised. "The vendors have been paid 90 per cent after t hardware installation and we have or 10 per cent to hold them for developi the software," says Hoskote.

The RBI is now shortlisting vendors f mainframes, but EDP department hea are not clear what exactly the machines are to do besides inter-bran reconciliation work, which at present being done by outside processors.

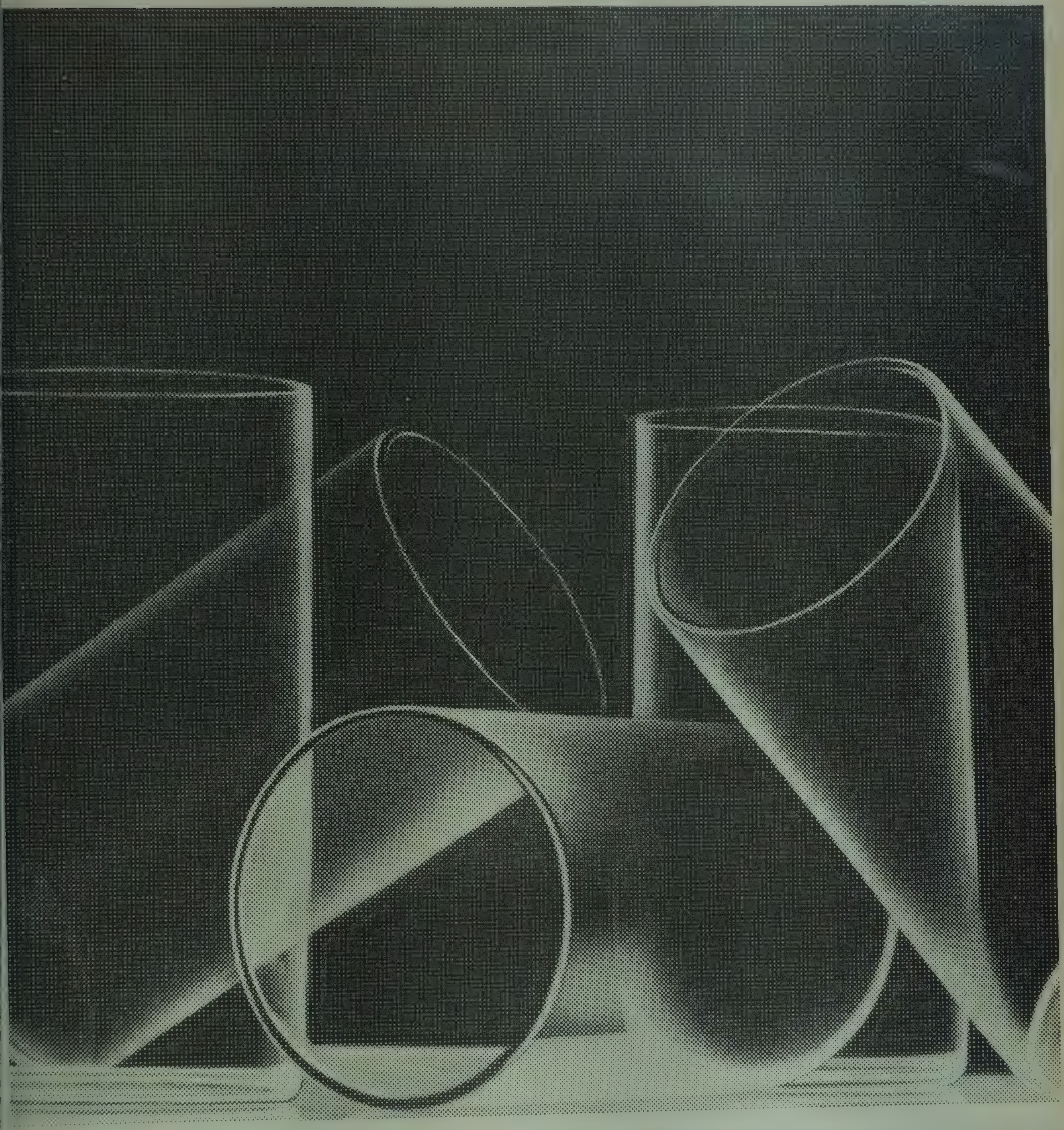
At the RBI or the government leve there seems to be a great hurry to g things done, without taking into accoun the actual needs voiced by the banks. F instance, the recently released Bankne report, which is supposed to be a blueprint for a shared communication ne work for banks, lays down all th hardware (in this case, the IBM 4381 installed at the four RBI clearing house which are free during the day, as MIC cheque sorting operations are done onl at night) and software specification without any data traffic analysis. Aske how this was possible, T.N.A. Iyer, executive director of the RBI, who chaired th Banknet committee (whose member met only twice), said that the experienc worldwide has shown that if 'X' is th demand it is advisable to install "2X amount of capacity because deman tends to catch up with supply. Logica enough. But without a traffic analysis "X" is not known, so on what basis ha the committee calculated "2X"? Rangarajan defends the report, saying that it is "only a preliminary survey"

On the whole there seems to be in the banking sector an absence of a holistic approach or a vision of what banks should look like five or ten years from now.

Even within the unions, perceived to be the main hurdle to computerisation there seems to be a variety of attitudes Although the younger generation who seems to be very happy with the computers, is willing to learn and is in fact pressing for more, at the bi-partite negotiations the attitude of the union leaders is quite the opposite.

The restricted computerisation agreed to at the industry level is linked to wage hikes to begin with. And when each bank tries to get its respective unions to agree to anything more, it succeeds only when it talks money. As the helpless bank managements continue conceding more and more, the customer gives up hopes of eve being king.

■ KEYA SARKA



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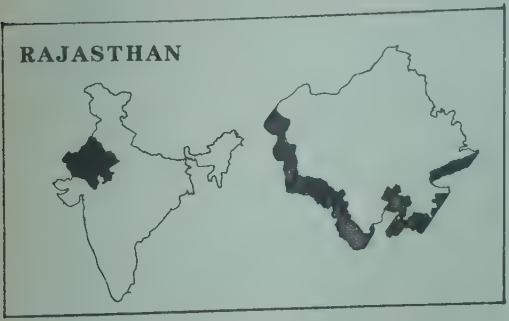

Wastage, and more wastage

Rajasthan drought: too much spent on too little

The Rajasthan government's financial position has been sorely stretched by the whopping expenditure of Rs.800 crores on finance relief last year (August 1987 to July 1988). This is the highest ever spent on famine relief measures in any single year and includes over-spending of Rs.160 crores.

What is worse, the centre's response to the demand for release of funds has been lukewarm. Senior state government officials have been told in New Delhi that not much should be expected immediately since the centre's own resource position is precarious.

In the process, even the Rajasthan government's demands for funds to meet the over-spending are being turned down by the centre. Efforts made by the chief minister, Shiv Charan Mathur, in this direction have come to naught.

Mathur has sought a meeting with the union finance minister, S.B. Chavan, to discuss matters related to the famine expenditure but has had no success. Letters that he has written to Chavan detailing the serious ways and means position of his government have so far only managed to obtain the release of a paltry Rs.16.50 crores.

Following a directive from the Rajasthan High Court, the state government is now preparing a case for the release of another Rs.22 crores which had been spent on payment of enhanced wages to workers employed in relief projects. The High Court's directive necessitated the payment of wages at the rate of Rs.14 per day as prescribed under the Minimum Wages Act. Before the ruling came, the government was paying only Rs.8 per day for famine labour.

The centre has reportedly taken strong exception to the way the drought situation has been handled by the government. The centre feels that crores of rupees have been wasted since the entire relief effort was made in a haphazard fashion with no regard whatsoever for cost minimisation. For example a sum of Rs.110 crores was spent on roads alone during the year; of this Rs.100 crores was spent on wages. In other words, the material component was a mere Rs.10 crores.

What is evident in this is the state government's refusal to abide by the centre's directives on famine relief action. The centre directed that money should be spent on creating permanent assets. The expenditure of Rs.100 crores on wages to build roads can hardly be called the creation of permanent assets.

In his last budget speech, Mathur promised that "financial discipline" would be strengthened and that there would be "strict control" over expenditure. The budget had a deficit of Rs.252.04 crores. Mathur also promised "economy in non-productive and non-essential" expenditure to meet the deficit. But, the actions of the government since the budget was presented have been in the reverse direction.

Out of Rs.800 crores spent on famine relief, the centre's share is placed at Rs.600 crores. More than 200,000 relief works were sanctioned but work was actually completed on only 105,000. Employment for about 2.5 million people was provided per day in these relief works.

Unlike in the past four years, the monsoon this year has so far been kind to Rajasthan. Reports say that good rains may yield bumper kharif crops and improve the shattered economy of the rural areas. The drinking water problem may also be solved to a large extent. Power generation from hydel sources too may increase.

The government's own resources position may improve, provided the leadership takes some hard decisions. Large savings could be made by avoiding wasteful expenditure, but there is no indication that anything concrete has been done in that direction. The only step taken by the finance department to reduce wasteful expenditure so far has been to stop serving tea at official meetings.

The coming months will be testing ones for the Mathur government but it is doubtful whether it has the necessary courage and sincerity of purpose to cope with the situation. ■

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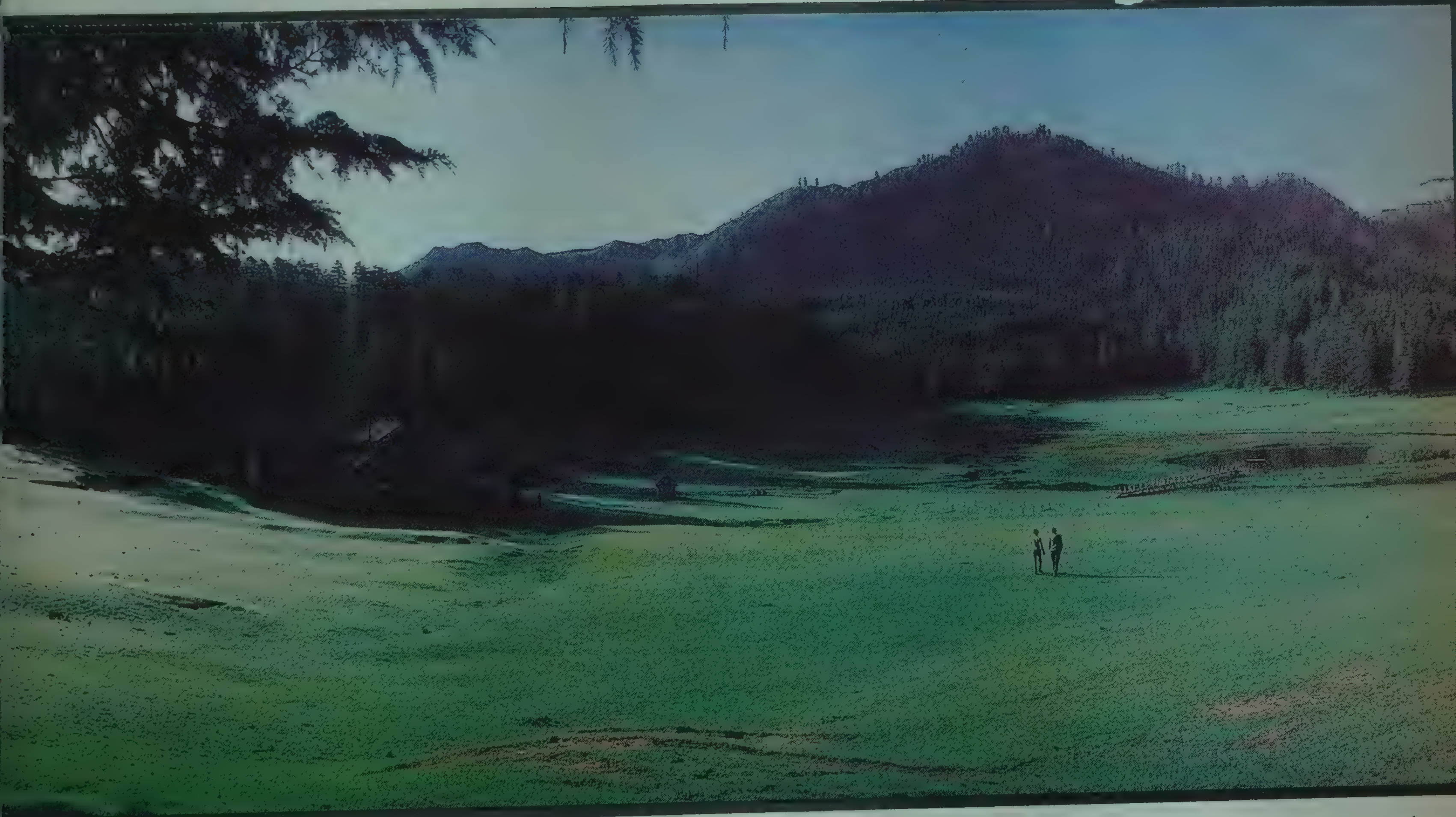

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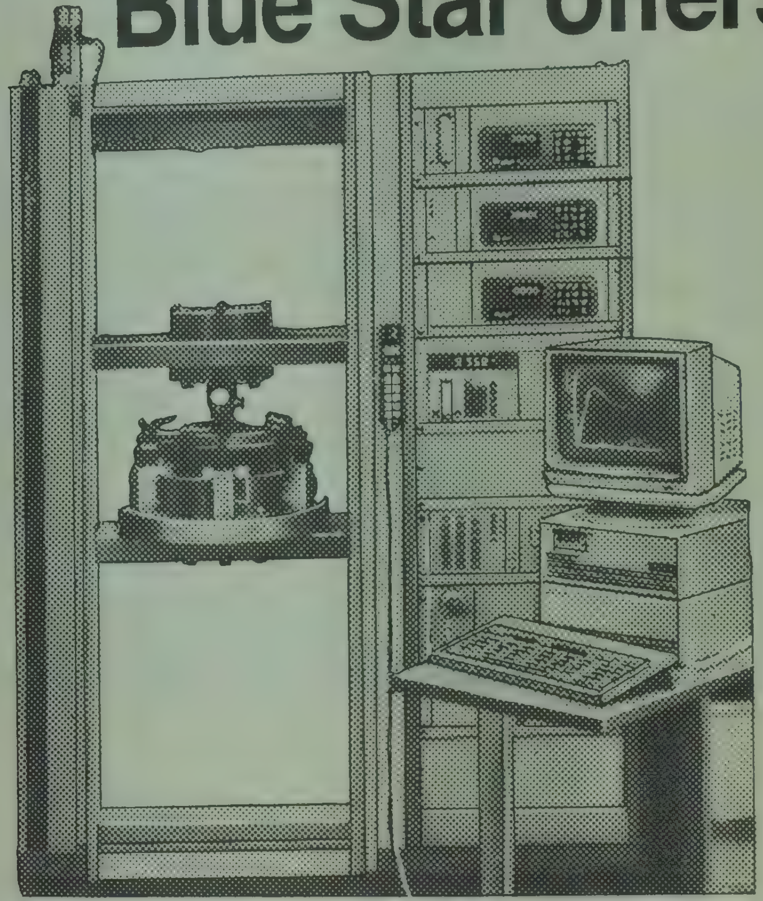

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AKASH G. HEBALKAR

COMPUTERS IN INDIA

Must users come out second best?

In the late sixties, at the height of Mao Tse Tung's power in China, the street scene in China was a dull unisex grey. Colourful dress and original cuts were taboo; rigid conformity to an uninspired costume was a must. Every person resembled every other in appearance (save for inerasable natural features). The computer scene in India is not far different from this uninspiring dull grey. Recently, a major airline opened tenders for computers; the responses of the 12 or so bidders were uniform:

- The same processor-chip (with one exception).
- The same operating system.
- The same DBMS packages.
- The same kinds of storage devices.
- The same price (give or take a small percentage).

Put in the user's place, how on earth could you choose one over the other? A dart-board approach would probably be as effective as any lengthy scientific analysis, notwithstanding apparent differences in support capabilities etc. What has led to this unisex grey in computers? Is it in the user community's interest to be deprived of a real choice instead of a tweedledum/tweedledee kind of choice?

It is readily apparent that what has led to this sort of limited choice, despite the government's apparent desire to increase the use of computers and give this industry a boost, is the industrial licensing mechanism combined with highly restrictive imports. With enforced "manufacturing" to have a share in the Indian market at the micro-mini level, the only real sources of this kind of computer technology were the knock-off artists among the Asian Tigers. Having become masters at knocking off watches, perfumes and designer luggage, all based on a free ride on the market momentum created by others in the OECD countries, these conmen were ready and willing to repeat their performance in the inexpensive microcomputer field where similar large volumes were possible and newly available off-the-shelf processor chips made large investments in proprietary development of hardware unnecessary. Big bucks for little or no investment!

We in India in our blind zeal to indigenise only the "production" aspect (ignoring software, design capabilities, etc.), fell victims to their con game. The next step up the ladder to minis was naturally on the same path, simply a matter of substituting "32-bit processor chip" for "16-bit processor chip" in the policies, as one senior DOE official put it. Piracy of neglected elements such as software by these same Indian "manufacturers" was the predictable and dangerous consequence of this mad rush to productionise PCs.

On the one hand, "screwdriver assembly" has brought no real manufacturing to India and saved no foreign exchange to speak of. On the other, it has brought in the evils of software piracy, threatening the emergence of a strong and vibrant software industry and creating the present scene with low utilisation of computers. On yet another front, the user community, denied software to make the computers useful, were also denied access to those varied designs, such as the Apple Macintosh and others, that truly tried to offer an alternative approach or alternative capabilities or amounts of power to the user. (Their designers abroad would not take the shortcuts the Asian Tigers would.) *Cui bono?* The Asian Tiger conmen first, and their co-conspirators in India second.

It might be argued that such bland uniformity is good for the user. Our government has often felt the prerogative of deciding what is good for the "dumb" user in India in many fields, why not this one? Portability of application software and other virtues could also be claimed. In practice, one machine from a manufacturer is not the same as another machine from the same manufacturer one month later, let alone the fact that critical hardware differences between manufacturers make them less than "fully compatible" with each other. Admittedly, standardisation does have some virtues if substitubality over time is considered. One must, however, recognise that this sort of substitutability does not yet truly exist at the PC-clone or the UNIX-box level, being largely a theoretical possibility — rather like the theoretical possibility of being able to replace a defective electrical socket with a new one two years later. Easier said than done! Moreover, by fragmenting a small market among a number of me-too manufacturers, the users' interests have been jeopardised. Informally, the manager in charge of PCs at the second largest Indian manufacturer claims that they don't "make a paisa in the PC product line". It would hardly be surprising if so-called manufacturers are (and will continue) falling by the wayside like sick horses in a caravan, leaving the users who hitched their wagons to them to rot in the desert.

Is one arguing against standards in this article? Certainly not. Standards are necessary in essential areas to define minimum elements that can be counted upon; rather like standards of professional behaviour. When they are also used to set the maximum that can be counted upon,

The author is senior vice-president, Tata Unisys Ltd, Bombay

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e get a least common denominator kind of aoist grey. In this sense, standards are the ntithesis of diversity and creativity. Human be-ngs have the same standard bone-structure, but, h, what a variety of individual humans result herefrom! The difference of course is in the flesh read "software") that lies on top of that stan-lard bone-structure, as well as the various sizes read "ranges of hardware-power") that are vailable with the same arrangement of bones.

The user in India (unless he is the privileged ublic sector CMC) is really in a jam if he wants a eam of horses to drive his corporate computing eeds; only ponies are on offer. Similarly, not for he Indian user is the rich variety of capability that human ingenuity can provide abroad, even in the apparently well served in India PC world. Instead, he is confined to the standard fare that is the maximum offered under the cover of "standardisation" — no choice of processing power or accelerator boards, no choice of mouse-devices, no choice of fax boards, no choice of LAN-networking products, no choice of WORM disks, no choice of CD-ROMs, no choice of scanners, and so on and on. It is the same in the UNIX-box case — no choice of processing power or I/O capabilities, no choice of inter-networking, no choice of LAN-technologies, and on and on. The fragmentation of the market makes it too risky to venture into "manufacture" of any of these devices, with volumes so doubtful, and import largely prohibited.

Now consider an alternative approach — a computer-usage oriented policy (which, incidentally worked quite well for the CTV industry) rather than a computer-manufacture oriented policy of the kind we have had so far. The current computer hardware industry output in India is about Rs.250 crores per annum (discounting double-counted turnovers). Based on average phased manufacturing programmes and low purchase volumes, this involves an import content of Rs.100 crores in foreign exchange. Using standard industry discounts available abroad, these same 30,000 or so PCs and 500 or so minicomputers with an assortment of printers and other peripherals could be bought abroad in bulk for about Rs.80 crores in foreign exchange. After adding Indian marketing costs, the end users could get the product at about Rs.12,000-25,000 for a PC/PC-AT and about Rs.1 lakh for a minicomputer; about 40 per cent of current Indian prices. Think what these prices could do to increase computer usage! We might have had 100,000 users today instead of a third of that number!

Moreover, with these low hardware prices, computer users would not mind paying an average of Rs.10,000 per PC and Rs.50,000 per minicomputer for legitimate software, while still spending much less than they spend today on just the hardware. This would produce a Rs.33-crore-per-annum domestic software industry. An industry that would reach Rs.125 crores by the end of the current plan period, if one were to go by government targets for computers in use, and probably three times that size in reality! This, in turn, would have us placed excellently for sizeable software exports.

Even more important, we should then have a more satisfied user community in India, with computers really being used. Moreover, since hardware can be freely imported, a variety of different hardware approaches could be tried, giving the user the kind of choice of approach and diversity in "hardware partners" he needs to meet his individual requirements. If the user needed powerful computers to meet his needs, he would get those, not being limited in power and capability by what is "made" in India. All of this Rs.33-125 crores of software would be value-added in India, giving a higher value addition ratio than we have today in the hardware "screwdriver" industry. And all this with lower foreign exchange outflows!

If all of this is today only a dream for the Indian user, it is because the user who could have been the principal beneficiary, has had no voice in making policy. Instead, he has to hitch ponies to his wagon when he needs a team of strong horses. He has to fit his needs to the Procrustean choices offered by industry. Even more unfortunately, he has to contend with a loud lobby like MAIT that seeks to perpetuate the grey and keep out any vibrant and colourful alternatives from companies like Digital or Apple. The government's "production first and maybe use later" approach rather than the "use first and maybe production later approach" has ensured that a majority of users have not even had a chance to be educated about the technology or about real options.

It did not have to be this way; if users had united and spoken up with a loud voice, we could have had a national policy that was use(r)-oriented rather than production-oriented, with emphasis on software rather than on hardware. Even today, these policies could be turned around to emphasise users' interests, as has been done in industries such as two-wheelers, household appliances and so on, where sheltered grey areas have been opened up to fresh winds of change and splashes of variegated colour. Will the Computer Society of India, whom the Department of Electronics considers to be the guardian of user interests, rise to the occasion and speak up? Perhaps the new-born NASSCOM may decide that it should represent user-interests, because in the long term these are also the software industry's interests?

Telco shows the way, but can Rajiv follow?

On 2 December 1911, iron was first made in India by the Tata Iron and Steel Company, using what was then modern technology. Jamsetji Tata had died in 1904, but his idea had survived and the steel that flowed as a result went into laying the foundation of the modern Indian economy. In this sense, that day was as significant as 15 August 1947, for it too was the dawn of a new era. For 77 years since then, the Tatas have been mighty moguls, timid servitors, philanthropists, corrupt businessmen, generous employers, clannish managers, bold entrepreneurs and oligopolists hiding behind the cloaks of government, and probably better at all this than others for they grew to be the country's largest business house. But never for one moment in these years had the Tatas shown any of the daring vision and dazzling drive of Jamsetji Tata. Now, in his twilight years, Telco's Suman Mulgaonkar seems to have once again grasped the long lost, old magic.

The new Tatamobile is easily the most significant development in recent times. For it is a reaffirmation of our abilities and a reminder that given a mind we can still become a modern industrial nation in the true sense. This means the ability to conceptualise, design, engineer and productionise. This demands the highest levels of creativity and engineering skills, and it has been some time since we have shown very much of this. Coming, as it does, at a time when the nation's leadership has led us into a helpless dependency on imported technology and capital for even the most frivolous of products, and has seemingly deemed our industrial abilities to be limited to just turning screwdrivers, it is a stunning rebuff to all those shallow hi-tech buffs who now steer the nation's destiny.

The temptations for Telco to also take the Maruti and DCM Toyota, Allwyn Nissan, etc, route of kit assembly were great. Telco also succumbed to this initially and did try to get permission for a like deal with Honda. The attractions of becoming an assembler rather than a manufacturer are indeed very great. Then there are all the inducements that go along with large and regular overseas purchases. The Tatas, themselves operating abroad via Tata Zug in Switzerland, know a thing or two about this. Besides in their case it is even "legal", having gotten themselves an RBI clearance a long time ago. But Telco was denied this route due to the machinations of others who also sup with the powers that be. Thus, adversity was turned into opportunity and the Tatas have come good.

But does the advent of the Tatamobile warrant such broad conclusions and so much of excitement? Let's think back for a moment. When was the last time that we have seen an indigenously designed product of even marginal engineering complexity? There isn't a motorcycle or refrigerator or even a bicycle that is made in this country that does not involve either a foreign collaboration or design. We must not forget than even our very much *desi* Ambassador used to be the Morris Oxford that was scrapped in Britain nearly three decades ago.

The truth is that there is little activity by way of applied technology, engineering design and product innovation in this country. This is the ability that led the Japanese to seize upon the development of the transistor by the Bell Labs in the US and innovate its applications to consumer electronics. The enterprising Japanese repeated this success with another great American development — the integrated circuit. This is entrepreneurial ability of the highest order and has more in common with the vision and guts of th type Jamsetji Tata had, and little to d with the wheedling and manipulativ abilities that make present day busines men (no kin of Jamsetji Tata) click. I this respect it seems that Mulgaonkar is chip off the old block, even if he does no bear the Tata name.

> However good a product may be initially, in time a continued sellers' market condition inevitably results in the familiar attitudes that lead to poor quality standards, and soon the blight sets in. The macro factors that lead to this condition, such as the high costs of raw material and parts owing to the general inefficiency fostered by protected markets and high tariffs, low productivity, uncertain policies, etc, cannot now be wished away

From all accounts, the launch of th new vehicle has been extremely successful. It is almost certain that the Estat version that is to follow will also b booked out likewise. The market has bee deprived and starved of good product for so long that it gobbles up any improved and new product eagerly, even i the claims of improvement and newnes are somewhat dubious. How else can one explain away the acceptance of strange hybrids like the Contessa and Premie 118NE?

However good a product may be initially, in time a continued sellers' marke condition inevitably results in the familiar attitudes that lead to poor quality standards, and soon the blight sets in The macro factors that lead to this condition, such as the high costs of raw material and parts owing to the general inefficiency fostered by protected markets and high tariffs, low productivity, uncertain policies, etc, cannot now be wished away. Dismantling or even improving the present order will take some doing and much time. In the meantime, those capable of doing better just cannot afford to wait and let the rot catch up with them also.

Clearly, to keep up with international standards, a manufacturer needs to export and test itself against world class competition. If a company like Telco can succeed here, it will truly be a mark o class and an event that may even trigger off an Indian industrial renaissance, now long overdue. It is these successes in one or two product areas that lead to new global attitudes about a nation's abilities and products.

Is there an export opportunity fo Telco? The North American automobile market, because of its sheer size, has to be the target of any export drive. Besides it is this market that sets the trend for the other markets. Any product that does reasonably well there can be said to have passed the toughest standards set by the

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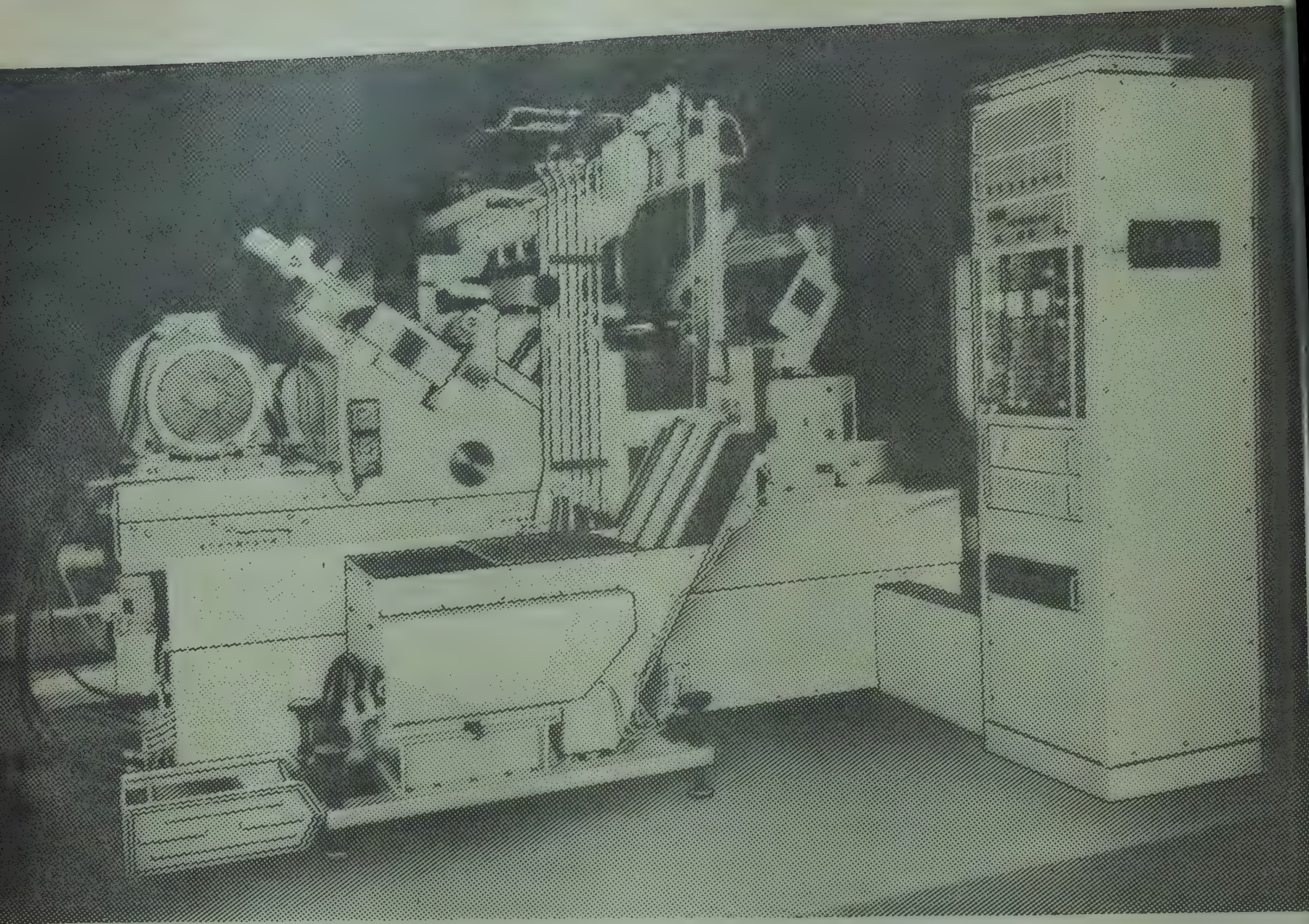

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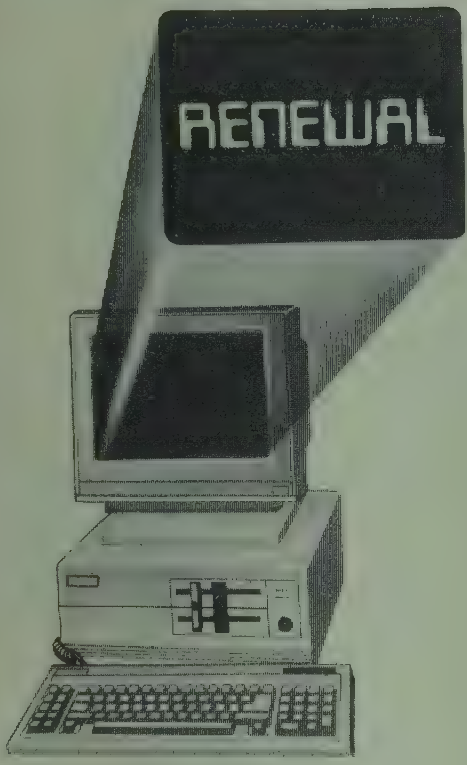

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most demanding of consumers. The US truck market, like the domestic car market, is the largest in the world. In 1984, some 3.8 million units were sold, recording a growth of over 33 per cent over the previous year. In fact, a pair of pick-up trucks, the Ford F-series and Chevrolet C-series, outsell every passenger car in America.

The small pick-up, like the transistor radio, is also a Japanese innovation. In 1978, nearly half a million of these were sold in the US and every one of them was Japanese! Now the big American companies have got into the business and account for nearly half the sales. The newest thing to hit the highways now is the minivan and sales of these have already crossed the half a million mark. The relatively small American Motors Corporation (AMC) thrives only because of its Jeep Cherokee and Wagoneer models. If Telco can carve a share for its two new models, and there is no reason it cannot given their classy looks and performance, it would have not only found a place under the sun for itself, but would have paved a pathway for other Indian companies to follow on.

There are, however, several difficulties to be surmounted. The first is to be able to set a competitive price. The average sticker price for a pick-up, like the Tatamobile, is around US $ 7,000. One can be sure that, given Telco's present cost of production for all the now well known reasons, it can hardly match that price. This clearly calls for an "equaliser" export subsidy. All in all, Telco can have little reason for not making an attempt on the big overseas markets — like the South Koreans and the Japanese before that have successfully done. Then Telco will have to meet the stringent emission and safety standards. This itself will severely test its productioneering abilities. The final challenge will be to successfully market the product in a highly competitive environment.

But the real lessons to be drawn from the development of the Tatamobile are for the government of the day. There is real need for it to reappraise many of its attitudes, particularly those relating to technology and capital imports. Some weeks ago, this columnist had commented on the "fast channel" our prime minister had promised the Japanese. Rajiv Gandhi has since then followed it up with a similar fast channel offer to the Germans. When he is not digging fast channels, the prime minister seems busy shopping. Wherever he goes, he seems to be promising to buy something or the other. During his last trip abroad, our leader promised to buy small Indonesian made passenger aircraft from Spain's CASA, whereas the country is about to invest a fortune on developing an advanced combat aircraft, designated as the LCA, for induction at the turn of the century. This involves an engineering effort and technological sophistry with no precedent in this country. The probability of success, given our past record, should be extremely slim. All in all, we seem to be bent upon doing things the wrong way. We will buy small passenger and basic trainer aircraft, but will try to make a hi-tech, computer stabilised, fly-by-wire, all-weather fighter on whose carbon composite fibred wings our future security depends.

> Is there an export opportunity for Telco? The North American automobile market, because of its sheer size, has to be the target of any export drive. Besides, it is this market that sets the trend for the other markets. Any product that does reasonably well there can be said to have passed the toughest standards set by the most demanding of consumers. The US truck market, like the domestic car market, is the largest in the world. In 1984, some 3.8 million units were sold

Telco has shown the way by making a simple pick-up first. Who knows, given the leadership and some encouragement from the government, they may make something even better than that in time. But that clearly is the way to do things. It seems that there is a need to get not only our act together, but also our national priorities in order!

■

MOHAN GURUSWAMY

The author was educated at Harvard, John F.Kennedy School of Government and th Fletcher School of Law and Diplomacy and taught international business a Boston's Northeastern University

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In 1969, the world's leading manufacturer of slide rules invested US $ 50 million in expanding plant capacity to reduce unit costs. In 1972, they were insolvent — having been overtaken by the advent of the electronic pocket calculator. They failed to respond to the oncoming structural change. In 1960, one of the leading West German leather tanneries closed down its tanning operations, serviced its existing markets by imports and invested in technologies for the manufacture of non-woven fabrics and PVC coating, oil seals and other traditional market-related products. They today operate globally, sell and manufacture a wide variety of up-to-date products in 15 countries. They recognised and responded to oncoming structural change despite being a closed, family-controlled company. In India, we have similiar stories in the steel and textile industries — the few who effectively monitored the environment and responded to change continuously and the many who got left behind to become inefficient and sick. One wonders how many spectacle frame and ophthalmic lens makers are tracking the invasion of laser technology into vision correction and readying their business enterprises for the coming product obsolescence.

In 1981, the global petrochemical industry found itself in a resource bind caused by a massive supply overhang. It had continued to build capacity during the crude oil price rises of the late seventies — in a dream world of ever-increasing product demand. Belatedly, the industry reacted by moth-balling excess capacity, consolidating and restructuring and rode out the "lean" period. 1986 saw the crash of crude oil prices and the revival of global demand. 1988 sees the industry basking in the glow of unprecedented profits and busy bringing back on stream the shut-in capacity. It was a cyclical change that the industry responded to belatedly but effectively. Cyclical changes are those in which the situation is likely to revert to some former stage of belief or development. In our world of constant upheaval, cyclical changes are better represented by a spiral, as opposed to the older pendulum analogy. This is because the situation, though it turns on itself is always in a new plane. The reversion is always in a new context, therefore, never exactly the same.

While the petrochemical industry has reverted to growth and profitability, the old product slate is giving way to new market expectations, LLDPE replacing LDPE and HDPE, new high-performance materials and specialities displacing high-volume commodity chemicals, etc. The same situation prevails in the Indian fertiliser industry which has come through four, inventory-laden,drought years and is likely to revert to profitable operations in this good monsoon year. Will the farmer continue to absorb the manufacturers' inflationary costs if he is overtaken by a food production surplus and depressed price realisation. The signs that the farmer will resist are there for the discerning — the fertiliser offtake this year is much lower than expected despite the good monsoon. Cyclical changes in one set of countries could become opportunities for structural changes in others. The last cyclical downturn in the petroleum refining, petrochemical and steel industries gave India the chance to build at opportunity costs capacities that are large even by world standards. India's obsession with self-reliance and high technology made it take only marginal advantage.

The main impediments to mastering change, the hardest thing for us to do is to admit ignorance. Unwillingness to appear ignorant leads people into the most appalling follies. So the first task is to keep the doors to discovery wide open. The next step is to process the discovered information and act on it. The mastering of change implies leadership. Such leadership must streamline the costs of generating information and objectively evaluate the quality of the information flowing to it. In the developed world this is achieved by using management consultants from outside who specialise in tracking the changes affecting the particular business segment and communicate these with the help of a tool, the multi-client strategic study subscribed to by the leading businesses in that particular segment. India still awaits the emergence of business leaders who will do away with the shibboleth of information secrecy and pave the way for such management consultants and such tools, which are usually more cost-effective and more objective than the information that flows up through the corporate middle management levels. Provided, of course, that the diverse tribe of management consultants in India perceives this as an emerging business opportunity and specialises for the market niches.

At this point, it becomes appropriate to attempt to list the gigantic changes that are likely to affect Indian business in the remaining part of this century. A list of such changes could help business leaders set up the appropriate environment-scanning radars around their businesses and integrate these with the vital information-processing and action-triggering mechanisms of their organisations. Such a list makes no claim to being the last word in forecasting. It is compiled to provide a background to strategic thinkers of the Indian business scene and should be modified to suit their own perceptions of their businesses. The author will welcome feedback from readers which, perhaps, could lead to an integrated follow-up publication of a more bjective and broad-based identification of the mega changes that the Indian business community will need to master. Here s the intial inventory — hopefully, rovocative.

ocomotive Technologies. There will be a significant shift into the developing vorld of the developed world's sunset nanufacturing industries — steel, cotton extiles, leather, heavy fabrication and ight engineering. The trend will be driven y the need to earn enough from exports o pay for essential imports. There will be a significant slackening of emphasis in leveloping advanced technology indusries where India lacks any comparative dvantage over the developed world. Examples of such industries are telecomnunications, space and aeronautics, bioechnology, superconductivity-based surace transport and advanced materials. ndia will update industries related to nformation processing, solar power use, nterprise creation, human behaviour nd food processing and come closer to tate-of-the-art global standards. Robots nd robotics will make significant inoads into Indian industry despite surlus labour — driven by the compulsions f productivity and global competitiveess. There will be a significant growth in nicro-basin irrigation in dryland farmng, farm mechanisation, and use of geetically engineered seeds. India will ncrease its supply of skilled labour to the lobal software industry through the use f satellite communication networks but vill not emerge as a significant force in oftware innovation.

conomic Transition. There will be an cceleration in the lifting of barriers to esource maximisation, a shift to a freer lay of market forces, and the emergence f a buyers' market through wide swathes f the Indian economy. There will be sigificant shifts to regionalisation of the nanufacturing and distribution systems, ationalisation through sub-contracting rom the small entrepreneur located loser to his natural habitat — the small owns and the villages. Small and meium businesses will multiply rapidly. here will be a marked shift away from antism in corporate structure to makg things manageable. "Bigger" and more" will not necessarily mean etter".

olitical Climate. Decentralisation of ower centres will gather momentum. here will be an increased professionalm in both public administration and business. The struggle for power of the politician vis-a-vis the bureaucrat will increase and will make for a wider spread in the existing politico-business culture of "underground" trading in profit-generating favours. Decentralisation will reduce the magnitude of unit "deals" but increase their cumulative volume and spread through the Indian business economy. The spread of the ecological ethic will gather momentum and community approval for industrial siting will become the scene of long-drawn-out battles and "deal" making.

Social Context. Standards of morality will get worse before they get better. There will be an accelerating influx of women into jobs and business enterprises leading to enhanced women power in the workplace, and in the consumer markets, more and better cosmetics and toiletries, more fashion wear, more convenience products and consumer durables. There will be a significant decline in the influence of religion matched by an increase of inter-generational conflict in major urban centres. A significant increase in youth power in major urban centres will presage the dominance of western value systems in the family and in the workplace with attendant changes in consumer tastes. The trade union movement will respond to increasing education and expecations of labour with more effective mechanisms than the present agitational and indisciplined ones. Unit labour costs will rise in line with productivity.

> The main impediments to mastering change, the hardest thing for us to do is to admit ignorance. Unwillingness to appear ignorant leads people into the most appalling follies. So the first task is to keep the doors to discovery wide open. The next step is to process the discovered information and act on it

Human Resources. The compulsion of sheer numbers and the existing infrastructure will make India the breeding ground for research in human resource development, perhaps even the pioneer in the extension of the psychological arts into the complex human resources technology of the early twenty-first century. This will usher in broadened social and self-awareness. Coupled with increased global employment opportunities for performing managers and the increase in two-member earning families, this change will push up employment costs and change the inter-relationship of the top, middle and lower levels of corporate management. In line with trends in the developed world, there will be a shift away from the traditional hour-glass structure with much of the middle management level shrinking and getting into "hands-on" jobs or being replaced by computerised information systems and time-sharing external management consultancy. Working from the home, jobsharing and flexible timing will not encroach on the Indian business scene in the time frame under investigation.

Economic Statistics Data Base. There will be increasing recognition of the hazards of relying on traditional economic indicators — which have brought much avoidable grief to many Indian businesses. Recent examples are the processed foods and textile businesses. The data is flawed by inaccuracies in the census and by the "black money" economy. Managements need to use such data as the CPI, WPI, GNP by re-examining groupings and supplementing them with personal observation. Strategic information encompasses far more than economic and other quantified data.

Managing change successfully is a matter of personal and organisational survival. It is also the essence of winning. It is a matter of leadership in a highly complex world around the business. The US management world, so full of buzz words, has coined yet another to describe such leaders — the Supermanagers. They are a rare breed worldwide and even rarer on the Indian business scene. The proliferation of high-growth businesses and successful start-ups in the last decade bear witness to the existence in India of a small core of such supermanagers. They do not waste time in blaming the system in which they work, they use the system to their advantage. This core of supermanagers needs to be induced to exponentially multiply itself by educating others. They must perceive this as an obligation they owe to society and allocate priority to the discharge of this obligation. Here is a catalytic and challenging role for the premier institutes of management in India. Will they assume this role and thereby prove that they have strategic foresight?

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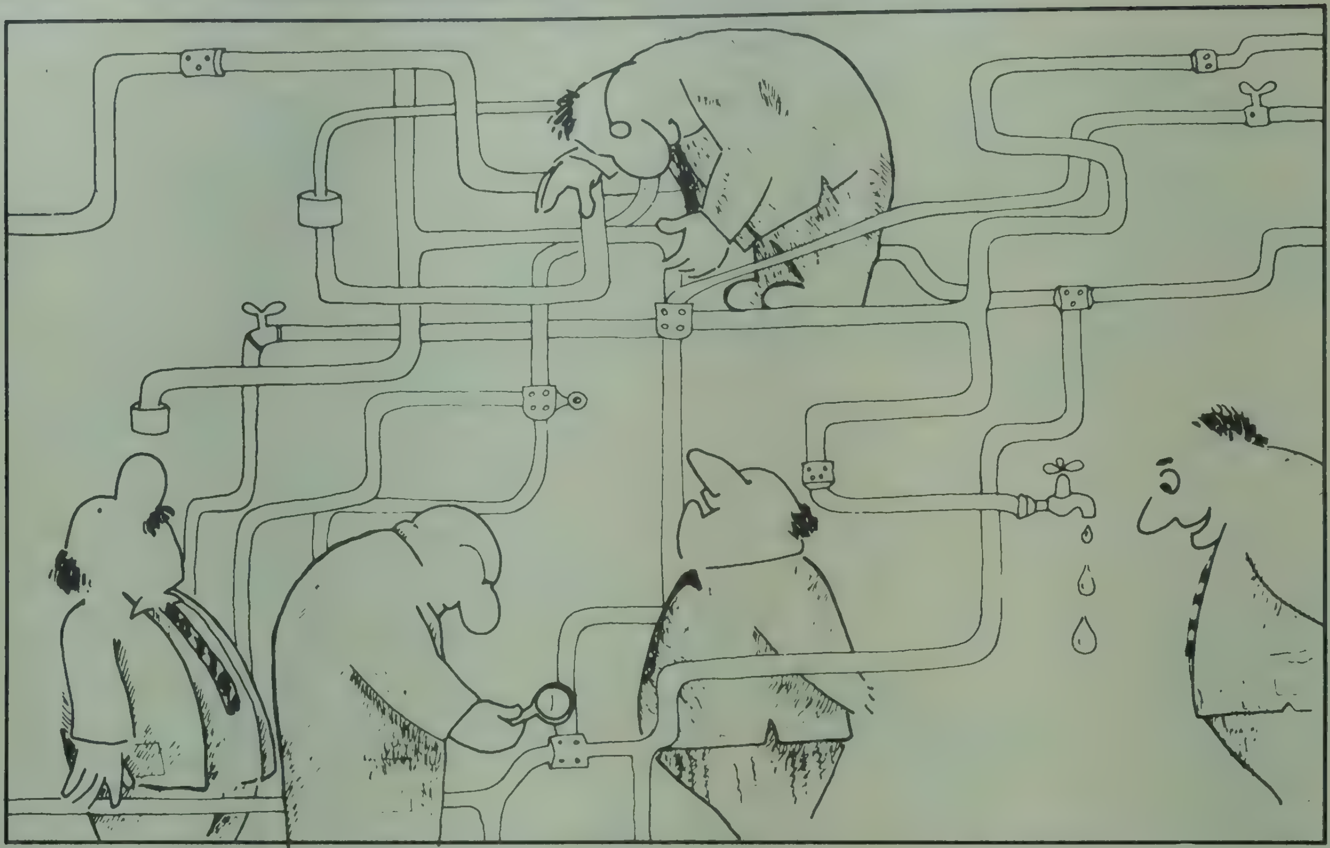

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US TRADE ACT

Firm but flexible

On 6 September the Japanese finance ministry announced its decision to open further the local bond market to foreign participation. Fifteen days earlier President Ronald Reagan had given his assent to the Trade and Competitiveness Bill under which the US could close its bond market to those countries which did not open their markets to foreign companies. The Japanese decision, therefore, is widely being viewed as a move to counter the threat posed by the US Act.

The easy and early success achieved by the Act at least in one area of contention could strengthen the ranks of the protectionist lobby in the US. The next occupant of the White House will therefore have a tough job trying to strike a balance between the protectionist and free trade lobbies.

The 1000-odd page Act contains few really new clauses. Among these there are two clearly positive clauses and one which is of doubtful advantage. The first gives the US president "authority through 31 May 1993, to negotiate bilateral and multilateral trade agreements, including those from the Uruguay Round". The president also has the authority to cut tariffs by as much as 50 per cent without the approval of the US Congress. The Act also obliges Congress to adopt "fast track procedures" to consider legislation to implement trade agreements. The fast track procedures which will cut legislative delays will apply through 31 May 1991, and can be extended through 31 May 1993.

The other positive clause is that "effective 1 January 1989, the US will participate in the Harmonised Commodity Description and Coding System". This is a worldwide system for standardising categories of traded products in order to make tariff structures more uniform. The international agreement under which this system works has been in operation for some time.

The clause which is of doubtful advantage "transfers the authority to decide unfair trade cases from the president to the office of the US trade representative" (USTR). Clearly this has been done by Congress in order to "insulate trade policy from foreign policy, defence and other considerations". In an ideal world this decision could yield the expected results. But in this age when unfortunately trade is often an extension of foreign policy it is doubtful whether the USTR will always be able to adopt a pragmatic, business-like approach to trade issues.

Section 301 which has attracted the most criticism deals with the steps which the US government must take if it perceives a threat to the trading interests of America. The Act has classified these threats into three categories — "unjustifiable" trade practices, "unreasonable" trade practices, and "descriminatory" trade practices.

Under the Act, the USTR must retaliate against countries which adopt "unjustifiable" trade practices and violate trade agreements. Though the form of retaliation is left to presidential discretion, the Act, breaking with the past, specifies that the action has to be both mandatory and timebound. It also says that the USTR should give preference to duty increases rather than import quota restrictions while imposing mandatory retaliatory measures. In five exceptional situations mandatory retaliation can be waived. They are: if a GATT panel rules in favour of the target country in a trade dispute; if the target country agrees to eliminate the unjustifiable trade practice; if the target country agrees to compensate the US for the loss caused by the practice; if the overall effect of the retaliation is to harm the economic interests of the US.

The trade practices which will be regarded as unjustifiable include the following: failure by a country to extend to the US the lowest tariff granted to any other trade partner; denial of the right of establishment to US companies; and violation of intellectual property rights. Of these three, the crucial one for India is the last. Even if we decide not to join the Paris Convention on patent rights we will still have to produce legislation which adequately safeguards intellectual property rights. The mood in the western world and the ongoing debate in GATT on this question should serve as a warning to us.

Retaliation is not mandatory for unreasonable and discriminatory trade practices. While the former category is used to describe trade practices which are "not necessarily illegal but are still unfair," the latter addresses those measures "which deny equal treatment to US goods, services and investments". The Act has also included in the list of unreasonable trade practices the following: denial of workers' rights; allowing cartels that will "restrict the purchase of US goods"; and export targeting which refers to co-ordinated action by a government to increase export competitiveness.

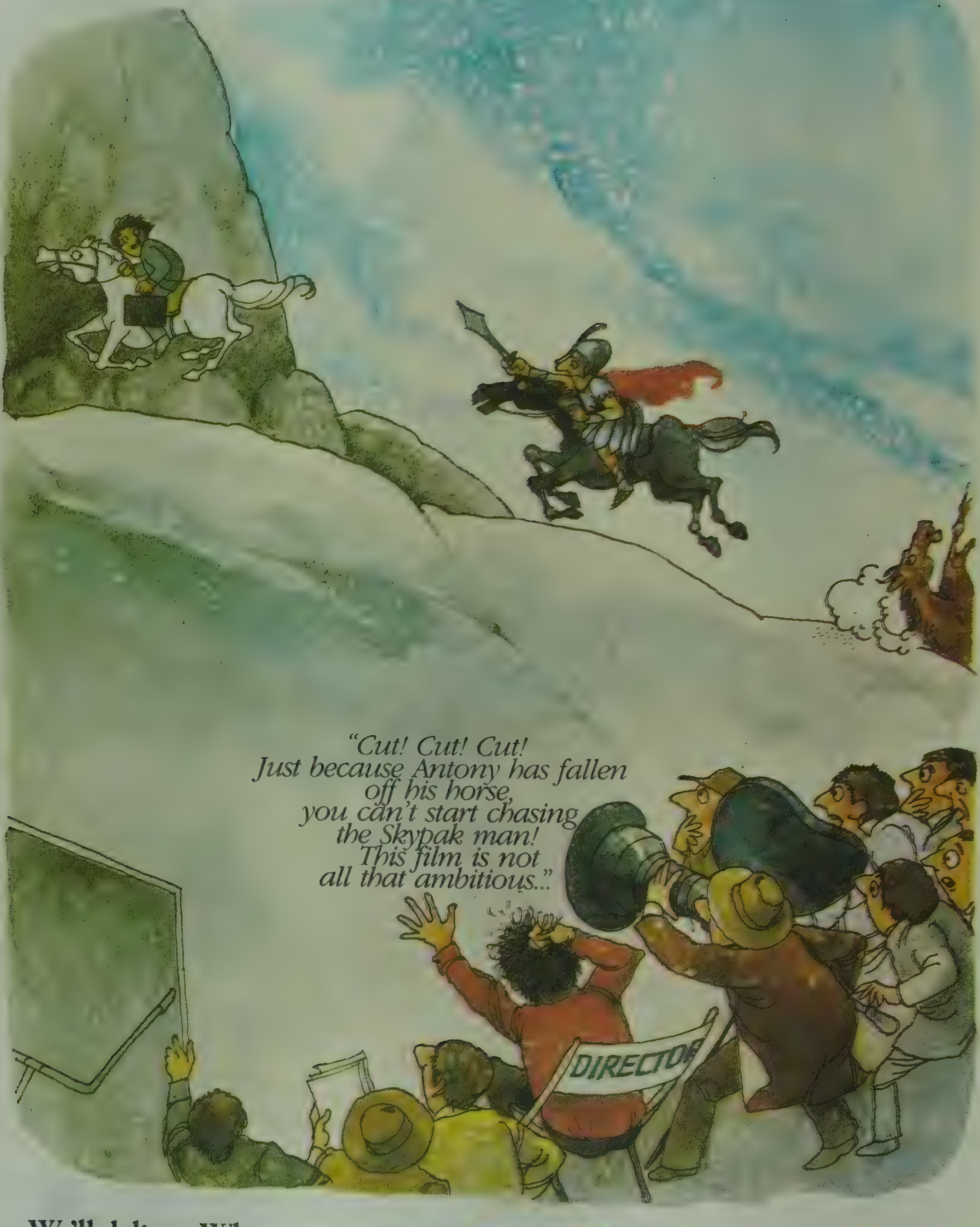
On the face of it the term "export targeting" could cover the activities of most of our export promotion agencies. However, the agencies whom *Business India* talked to are as yet unclear about the implications of the Act.

On the other hand, a former senior Indian official is quite clear about what these provisions mean. According to him, "Even earlier Washington used to take retaliatory steps to protect its trade interests. All countries do. What this Act does is to formalise an informal procedure. To the extent that this removes uncertainties it is all to the good." This is also the view of the US under secretary of commerce for international trade, Allen Moore. In the course of the Worldnet TV programme on 23 August, he said that the provisions "codify practices that have been carried out for the last several years in the administration". He also added that "there are escape clauses" in the Act which, despite the narrowing down of the options left to a president, still gives him enough scope to be discretionary.

Will the next president be discretionary? The fact that US exports have been growing at the rate of 20 per cent a year indicates that the "escape clauses" are likely to be used by the White House. If the US were to strictly implement the Act it would hurt those imports which are vital for American exports. However, how long the growth of US exports will last depends on the value of the dollar, the improvement in US productivity levels.

As against these uncertainties there are two certainties. The US steel quotas will expire in early 1989. Since many US steel companies have become profitable they have begun to lobby hard for the renewal of import quotas. Another group which is pressing for protectionist measures is the textile makers' lobby. It wants to limit the growth of imports to 1 per cent a year. In short, despite the fact that the White House and Congress have managed to put together a legislation which is firm but flexible (unlike the first rough and rigid versions) it has been unable to lay to rest the spirit of protectionism. That is worrying.

VIJAYAN KANNAMPILLY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J.K. Synthetics

Improved performance; back in the profit list; PSF plant fares badly

The company has declared a dividend of 20 per cent (previous year: 10 per cent). It has registered higher sales, operating profit and gross profit.

The company has turned the corner and made a net profit of Rs.1.17 crores compared with a loss of Rs.2.43 crores in the previous year. Sales have improved to Rs.652 crores (Rs.477 crores), an increase of 37 per cent. This was mainly due to higher volumes of sales and the introduction of special varieties of fibres and yarns.

Income from other sources has gone down to Rs.10.36 crores (Rs.14.66 crores). This is mainly because the company's investments have gone down from Rs.16.95 crores to Rs.13.80 crores. The operating profit is almost double at Rs.86.31 crores (Rs.43.86 crores). The company's interest charges on borrowings are higher at Rs.41.25 crores. The charges on account of depreciation were much higher at Rs.43.67 crores. The company's equity and reserves at present are Rs.25.25 crores and Rs.92.73 crores respectively but will increase to Rs.38.51 crores and Rs.119.26 crores respectively after the rights issue of 13,258,700 equity shares at Rs.30 each (premium: Rs.20).

The company's polyester staple fibre division has done badly because of increased competition and massive escalation in the costs of raw materials. In fact, the selling price of polyester staple fibre has gone down from Rs.73,415 per tonne last year to Rs.65,010 per tonne. The cost price has increased from Rs.35,697 per tonne to Rs.40,370 per tonne. The company's production of various synthetic fibres and yarns was 50,472 tonnes, an increase of 43 per cent. In spite of power cuts aggregating 44 per cent, the capacity utilisation at all its units has improved. For nylon filament yarn the capacity utilisation was 89 per cent (76 per cent), for polyester filament yarn 98 per cent (53 per cent), and for nylon tyre cord 98 per cent (80 per cent). The capacity utilisation for acrylic staple fibre came down to 94 per cent (104 per cent). This was because of the accident that resulted in the shut-down of the Kota plant for 82 days. The cement production was higher by 29 per cent at 1.04 lakh tonnes.

		(Rs. crores)
Year ended 31 March	**1988**	**1987**
SALES	651.92	476.86
OTHER INCOME	10.36	14.66
OPERATING PROFIT	86.31	43.86
INTEREST	41.25	31.35
GROSS PROFIT	45.06	12.51
DEPRECIATION	43.67	14.94
NET PROFIT/(LOSS)	1.17	(2.43)
EQUITY	25.25	25.25
RESERVES	92.73	90.05
GROSS BLOCK	472.82	398.53
INVESTMENTS	13.80	16.95
CAP-WORK-IN-PROGRESS	165.89	84.16
EPS (%)	4.63	—
DIVIDEND (%)	20.00	10.00
MARKET PRICE (Rs.)		
CURRENT	68.25	
1988: HIGH	74.00	
LOW	45.50	

The project to increase production of acrylic fibre to 15,000 tonnes and of nylon tyre cord to 2,500 tonnes will go on stream during 1989 at Jhalawar in Rajasthan.

The proposed cement project at Sidhi in Rajasthan will be implemented by a new company to be formed for the purpose. The aromatics and PTA projects are still awaiting the government's approval.

Raymond Woollen Mills

Change in accounting method lowers profitability; higher employee costs; higher exports

The company has maintained the dividend of 25 per cent even after the bonus issue of 1:1. The outgo on these accounts is higher at Rs.2.89 crores (Rs.2.81 crores). The new shares allotted on 22 March 1988 are also eligible for dividend on a pro-rata basis.

The gross sales are higher by 6 per cent at Rs.235.71 crores (Rs.222.73 crores) after duty drawbacks on exports. The non-operating income is Rs.3.34 crores (Rs.2.46 crores). The operating profit has remained more or less stable at Rs.40.14 crores (Rs.40.44 crores).

Due to higher depreciation charges — Rs.14.33 crores, and taxation — Rs.1.62 crores, the net profit at Rs.8.53 crores (Rs.11.38 crores) was lower by 25 per cent. The tax liability of Rs.1.62 crores arose because of the recently introduced section 115 J of the Income-Tax Act 1961, which makes it necessary for the company to pay tax on book profits; but for this there would have been no tax liability.

		(Rs. crores)
Year ended 31 March	**1988**	**1987**
SALES	193.62	177.10
OTHER INCOME	3.34	2.46
OPERATING PROFIT	40.14	40.44
INTEREST	15.66	15.72
GROSS PROFIT	24.88	24.72
DEPRECIATION	14.33	13.34
TAX	1.62	—
NET PROFIT	8.53	11.38
EQUITY CAPITAL	22.47	11.23
RESERVES	50.11	53.80
NET BLOCK	121.07	124.41
INVESTMENTS	19.30	15.12
NET CURRENT ASSETS	31.63	28.54
TOTAL CAPITAL EMPLOYED	174.78	171.09
EPS (%)	37.96	101.34
DIVIDEND (%)	25.00	25.00
MARKET PRICE (Rs.)		
CURRENT	52.50	
1988: HIGH	53.00	
LOW	41.50	

The company's net profit is lower by Rs.3.19 crores on account of the change in the method of accounting from cash basis to accrual basis in respect of certain items of expenditure and income as a consequence of the amendment of Section 209 of the Companies Act. This had an effect on the reserves of the company. Moreover, the marked increase in employee cost to Rs.26.23 crores (Rs.19.81 crores) has also adversely affected profits.

The company's performance in the half year ended March 1988 was better than that in the first half year ended September 1987, but not as impressive as that in the second half of last year ended March 1988. The sales are higher by 29 per cent and 1 per cent compared to the first and the second half of last year respectively.

At the net levels, there is a profit of Rs.9.68 crores in the second half ended March 1988. In the first half ended September 1987, the company incurred a loss of Rs.1.16 crores, while in the second half ended March 1987 it made a profit.

The output of fabrics increased by 2.8 per cent at 80.42 lakh metres; whereas that of blankets declined by 7.89 per cent to 2.90 lakh pieces. This was due to the poor offtake in the market. The price of wool rose sharply during the year by about 58 per cent. Because of this and the strengthening of the Australian dollar, the rupee cost has increased by 68 per cent over the past year (Australia incidentally is the main supplier of wool.) However, the company has maintained its leadership in the woollen industry. The output of cement at 9.95 lakh tonnes was marginally lower than last year (10.02 lakh tonnes). The company's exports of fabrics, files and rasps improved by 22 per cent to Rs.11.34 crores.

The company has obtained a letter of intent for the manufacture of 15,000 tpa of polyester filament yarn in Raymond Synthetics Ltd, a new company promoted for this purpose. Land has been acquired and a memorandum of understanding has been signed with a Japanese company, the proposed foreign collaborators.

Tata Chemicals

Good performance; high capacity utilisation; strong financial position

Tata Chemicals Ltd, which has been improving its performance consistently for the past few years, turned out another record-breaking performance in the year ended 31 March 1988. Production, sales margins and profits all touched new highs despite the fact that the year was the third successive one of drought in the Saurashtra region where the company's plants are located.

Production and sales of soda ash, which is the company's main product accounting for 85 per cent of turnover, showed an appreciable increase during the year. Capacity utilisation increased from 116.6 per cent (previous year: 125 per cent), while sales went up by 8.5 per cent in terms of tonnage and 15 per cent in terms of value.

		(Rs. crores)
Year ended 31 March	**1988**	**1987**
SALES	206.46	182.40
OTHER INCOME	23.95	11.15
OPERATING PROFIT	87.02	69.70
INTEREST	35.37	24.94
DEPRECIATION	16.45	13.41
PRE-TAX PROFIT	35.20	31.35
TAX	8.00	8.75
NET PROFIT	27.20	22.60
EQUITY CAPITAL	37.18	27.19
RESERVES & SURPLUS	150.35	102.12
LOAN FUNDS	228.50	216.74
NET BLOCK	153.60	135.87
EPS (%)	73.16	83.12
DIVIDEND (%)	30.00	25.00
MARKET PRICE (Rs.)		
CURRENT	73.00	
1988: HIGH	78.00	
LOW	56.00	

The unit price realisation improved from Rs.3,013 to Rs.3,196 per tonne. As a result, the company's gross margins showed a marked improvement from 38.21 per cent to 42.15 per cent. However, this rosy picture is partly due to a more than 100 per cent increase in "other income" which shot up from Rs.11.15 crores to Rs.23.95 crores. The major component of this increase was contributed by income from investments which went up from Rs.4.30 crores to Rs.16.37 crores, although the total quantum of investments has increased by only 18.47 per cent from Rs.142.41 crores to Rs.168.72 crores.

The sharp increase in operating profits has been accompanied by an increase in the interest burden by over 40 per cent from Rs.24.94 crores to Rs.35.37 crores, although total loan funds at the end of the year are higher by only 5.48 per cent. Because of this, net profits rose by only 20.35 per cent. There was only a small increase in the depreciation charge. However, due to the equity base increasing by Rs.10 crores on account of conversion of bonds, the earnings per share have actually declined from Rs.8.31 to Rs.7.31.

The company's financial position remains strong, with reserves being four times the paid-up capital. The debt to equity ratio is also comfortable at 0.8:1. Moreover, about Rs.17 crores of long-term funds have been deployed for working capital purposes. However, a large percentage of the total capital employed amounting to over 40 per cent has been deployed in the form of investments, although out of this Rs.60 crores forms the company's contribution in the Tata Fertilisers project. Out of the balance of Rs.108 crores, as much as Rs.36.15 crores has been invested in units of the Unit Trust of India.

It is quite obvious from the above that the company has been built up on a sound footing and has the capacity to absorb shocks such as that arising out of the prolonged drought situation. It is thus quite probable that the company's performance may improve further in the current year in view of the excellent monsoons all over the country and especially in Gujarat.

The company is promoting two gia ventures — Tata Fertilisers Ltd and th Karnal Refinery Project — the latter collaboration with Indian Oil Corpor tion. The progress on these ventures ha been slower than anticipated.

The price of the company's share whic had been stagnating for a long time be ween Rs.60 and Rs.70 has begun movir up of late. At the current price of Rs.7 the EPS of Rs.7.3 is discounted at 10. times which is still a low figure, conside ing the company's sound financial pos tion. However, due to the rapid increas in the equity base over the past few year on account of a number of convertibl bond issues (the capital is slated to further increase by Rs.8.34 crores during th current year) the floating stock has gon up considerably and has been acting a an effective brake on the equity price.

Vindhya Telelinks

Sharp increase in stock prices justified record two-year pay-back period current year prospects good

Vindhya Telelinks Ltd, a company pro moted by Universal Cables of the S.K Birla group has, during the second year o production, more than fulfilled the expectations of investors and stockmarke pundits. The highly successful working o the company during 1987-88 has justified

		(Rs. crores)
Year ended 31 March	**1988**	**1987**
SALES	45.61	13.20
OTHER INCOME	0.60	0.31
OPERATING PROFIT	11.19	2.40
INTEREST	1.40	1.35
DEPRECIATION	4.58*	0.95
PRE-TAX PROFIT	5.21	0.10
TAX	0.83	—
NET PROFIT	4.39	0.10
EQUITY CAPITAL	3.90	3.90
RESERVES & SURPLUS	3.34	—
LOAN FUNDS	10.65	11.61
NET BLOCK	6.58	10.29
EPS (%)	112.56	2.56
DIVIDEND (%)*	20.00	Nil
MARKET PRICE (Rs.)		
CURRENT	87.00	
1988: HIGH	104.00	
LOW	68.00	

** Includes Rs. 2.32 crores for earlier years*

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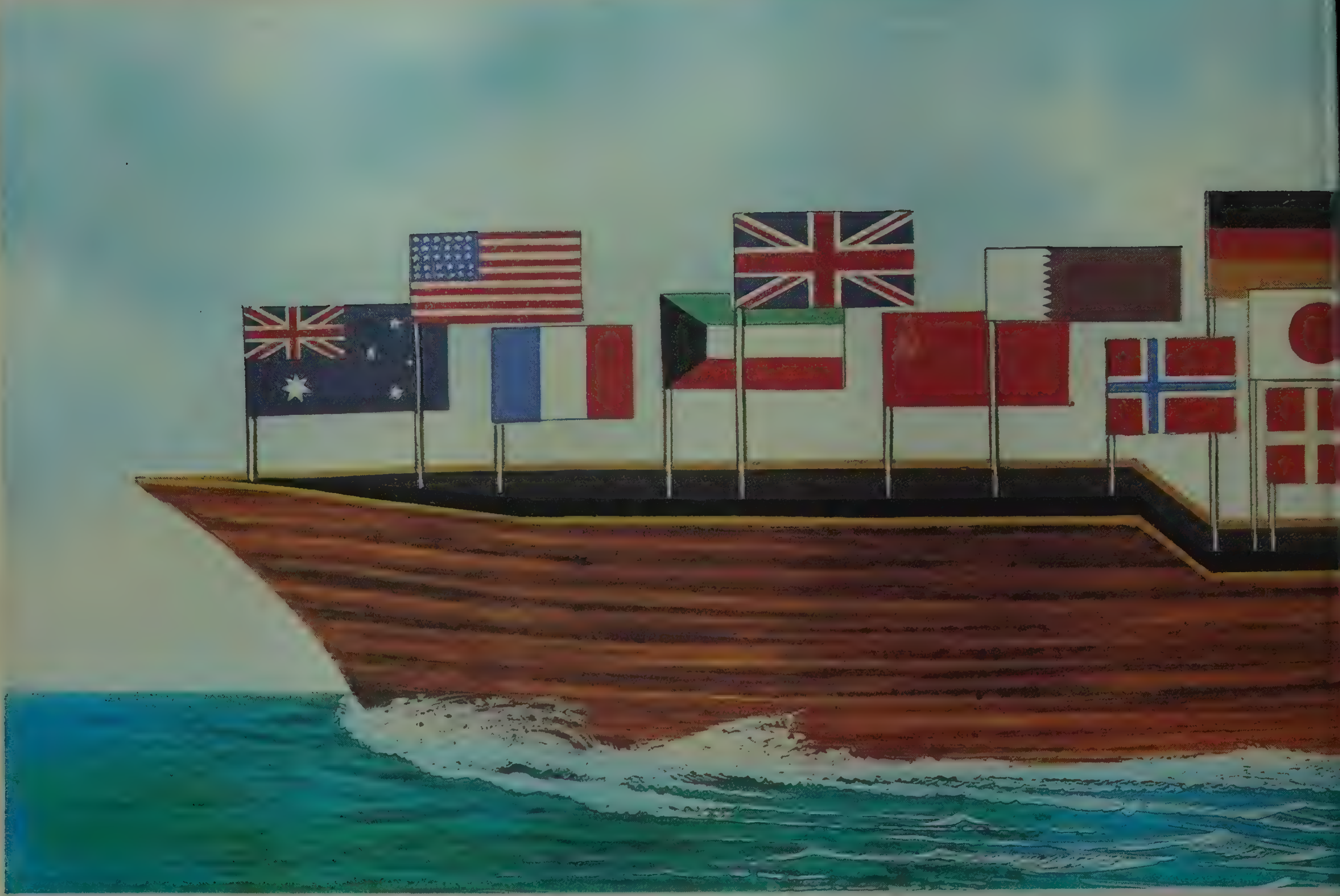
Short transit times, fast ground handling facilities and excellent onward connections make Lufthansa's Frankfurt the best gateway to Europe and the world.

Lufthansa

Wood you believe...



WIP wood products satisfy needs in 29 countrie

Most quality-conscious nations of the world – including the most sophisticated ones like West Germany, Canada, U S A, U K, France, Holland, Denmark, Japan, Hongkong, Singapore and even Sweden – the home of high quality wood – specify WIP wood for their wood product needs. Reasons? WIP makes them best. While most companies make claims on the 'quality front', WIP makes wood so good that they conform to international standards. These have resulted not only in worldwide acclaim for the Company's products, but also in several Awards – for the fifth year in succession – from the Chemicals and Allied Products Export Promotion Council. In fact, WIP is India's only wood product Company to have achieved such an international success.

WIP is the first in the field with quality wood products. It is today the largest integrated wood products Company in India with a most modern manufacturing plant and a relentless commitment to Research & Development. Its list of firsts include:

- **First to make irradiated wood.**
- **First to make aircraft plywood.**
- **First to make synthetic resin adhesive using hot pressing techniques.**
- **First to make high pressure industrial laminates.**
- **First to make quality hardboard way back in 1959-**
- **First to manufacture Diallyl Phthalate moulding powder.**
- **First to make metal faced plywood.**

WIP wood products are the firs choice of discerning users like Bhabha Atomic Research Centre, BHEL, Birlas, DGS&D, Hindustan Aeronautics, Hindustan Motors, Hindustan Lever, Hindustan

Imageads-WIP-88393B

including Sweden – the home of wood.

Shipyard, I.T.C., Indian Railways, Indian Space Research Organisation, Maruti, Mazagaon Docks, T.V.S., Vikram Sarabhai Space Centre plus all Petroleum & Petrochemical Industries and Fertiliser Industries. In fact WIP wood products find a place wherever quality is the watchword.

One of the Swedish boats built with WIP Plywood

WIP
THE WESTERN INDIA PLYWOODS LIMITED
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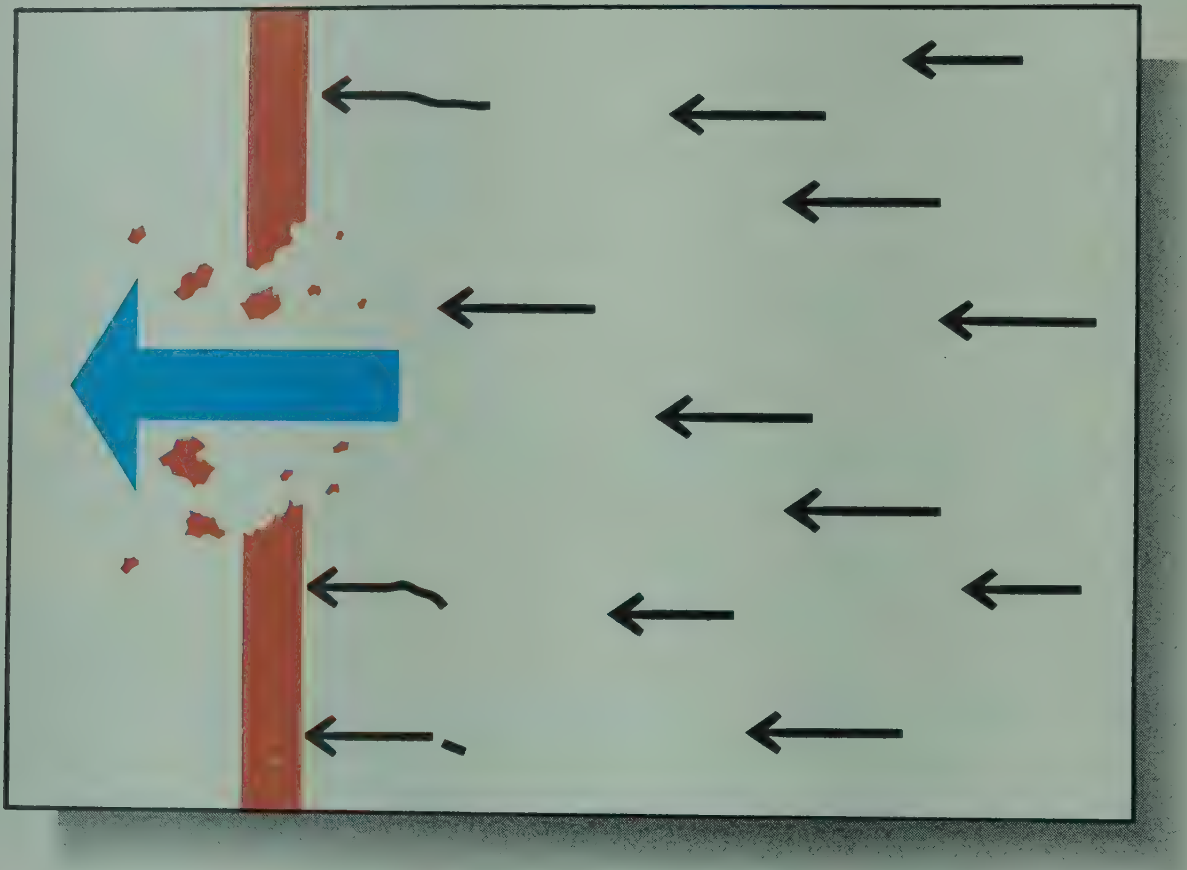
At INDCHEM ELECTRONICS, our breakthroughs keep us ahead on the battle course!



Innovation is the prime tactic at INDCHEM ELECTRONICS, in all our 3 fields of strategic operation:

Office Automation, Medical Electronics and Industrial Automation.

Many product firsts that have emerged from the desks and drawing boards of our brainstrust are either excellent indigenous originals, or intelligent adaptations of the world's best, relevant to the conditions of each field!

As India's electronic industry plans its strategy for progress, INDCHEM puts all its professional courage into being the reconnoiters, not the followers!

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■ Medical Disposables Ltd

3 The Divisions of INDCHEM ELECTRONICS

Breaking through. Breaking ahead!

the sharp increase in the company's stock price in the two years after the public issue was floated. An analysis of the annual accounts leaves one with the impression that even at the current high values, the stock is underpriced.

The profit after tax at Rs.4.39 crores is almost 10 per cent of sales. More important, the EPS is Rs.11.26 on an equity base of Rs.3.90 crores. However, this does not reveal the true state of affairs. A deeper analysis reveals that profits have been grossly understated. It is worth noting that due to a change in the method of accounting for depreciation — from straight line method to written-down method — the provision for depreciation has increased from Rs.0.95 crores in the previous year to Rs.2.26 crores in the year under review. In addition to this, the company has provided Rs.2.32 crores for last year's depreciation thereby writing off as much as Rs.4.58 crores during the current year; this accounts for a whopping 44.5 per cent of the total net block at the end of the previous year. Even if only the current year's burden of Rs.2.26 crores is considered, it accounts for an extremely high percentage of almost 22 per cent against the normal 5 to 7 per cent found in most balance sheets. The net result of following such a policy has been that in just two years of operations the company has written off 47.75 per cent of its assets — which must easily be a record for any company in India.

Taking into account only the year's depreciation, the profit after tax in 1987-88 works out to Rs.6.71 crores which yields an EPS of Rs.17.20. If depreciation had been provided on straight-line basis as in the previous year, the EPS would easily have exceeded Rs.20. In addition, the notes to the accounts show a further suppression of profits by about Rs.31 lakhs. This is partly because of a change in the method of accounting of foreign currency loans and partly because the entire amount of preliminary expenses was written off during the year instead of over ten years.

Due to the extremely profitable nature of its operations, the company is today in an enviable situation; it has recovered its entire investment of a little over Rs.12 crores in just two years; in other words, the pay-back period of the project was two years.

The question in many people's mind is whether the company will be able to maintain the same profitability. The high ratio of gross profit to sales — almost 30 per cent — is partly because the company was among the first in the field of jelly-filled cables. In recent months a large number of new entrants have joined the fray. However, Vindhya with its much lower fixed costs should not find the competition too difficult to handle — especially since the industry capacity is still well below demand.

In view of this, it is quite likely that the company's profits may show a further increase in the current year ending March 1989. The capacity utilisation last year was only 60 per cent. Assuming that the company is able to increase this to 80 per cent in the current year, sales could be about Rs.60 crores, which could yield a profit before tax of Rs.15 crores and a profit after tax of about Rs.10 which on an equity base of Rs.3.90 crores could yield an EPS of over Rs.25.

Taking all this into consideration the current price of about Rs.90 giving a P/E ratio of 5.30 on last EPS and 3.5 on projected EPS seems low.

TRENDS

Otis

The net sales during the half year ended May 1988 are down 4 per cent to Rs.19.34 crores. The company, however, is in the process of implementing various orders worth Rs.7.75 crores (Rs.3.28 crores).

			(Rs. crores)
	Dec 1987-May 1988	**Dec 1986-May 1987**	**Dec 1986-Nov 1986**
SALES	19.34	20.10	54.28
INCREASE IN WORK IN PROGRESS	7.75	3.28	0.53
OTHER INCOME	0.31	0.22	0.76
TOTAL INCOME	27.40	23.60	55.57
RAW MATERIAL COST	10.46	8.69	20.99
SALARY & WAGES	7.57	6.39	11.56
OTHER EXPENSES	6.45	5.03	13.93
OPERATING PROFIT	2.92	3.49	9.09
INTEREST	0.02	0.31	0.38
GROSS PROFIT	2.90	3.18	8.71
DEPRECIATION	0.66	0.48	0.29
TAX	0.94	1.08	3.60
NET PROFIT	1.30	1.62	3.82
OP/SALES (%)	15.01	17.36	—
RM/SALES (%)	54.08	43.23	—

The cost of raw materials has increased by 20 per cent to Rs.10.46 crores. The wage bill is also higher at Rs.7.57 crores (Rs.6.39 crores). Other operating and selling costs too have increased to Rs.6.45 crores (Rs.5.03 crores). As a result the operating profit is down to Rs.2.92 crores (Rs.3.49 crores). But the interest burden has come down drastically to a mere Rs.2 lakhs (Rs.31 lakhs). The provision for depreciation is higher at Rs.66 lakhs (Rs.48 lakhs). The tax liability is estimated to be lower at Rs.0.94 crores (Rs.1.08 crores).

The net profit at Rs.1.30 crores (Rs.1.62 crores) is significantly lower. The working margins are lower at 15.01 per cent (17.36 per cent) and raw material cost as a percentage of sales is higher at 54.08 per cent (43.23 per cent).

During this period the company has received orders worth Rs.22 crores.

The company is implementing a programme to expand its capacity from 1,396 elevators a year to 2,800 elevators in a three-year period.

The company has received approval to raise equity of Rs.33 lakhs at a premium of Rs.90 each.

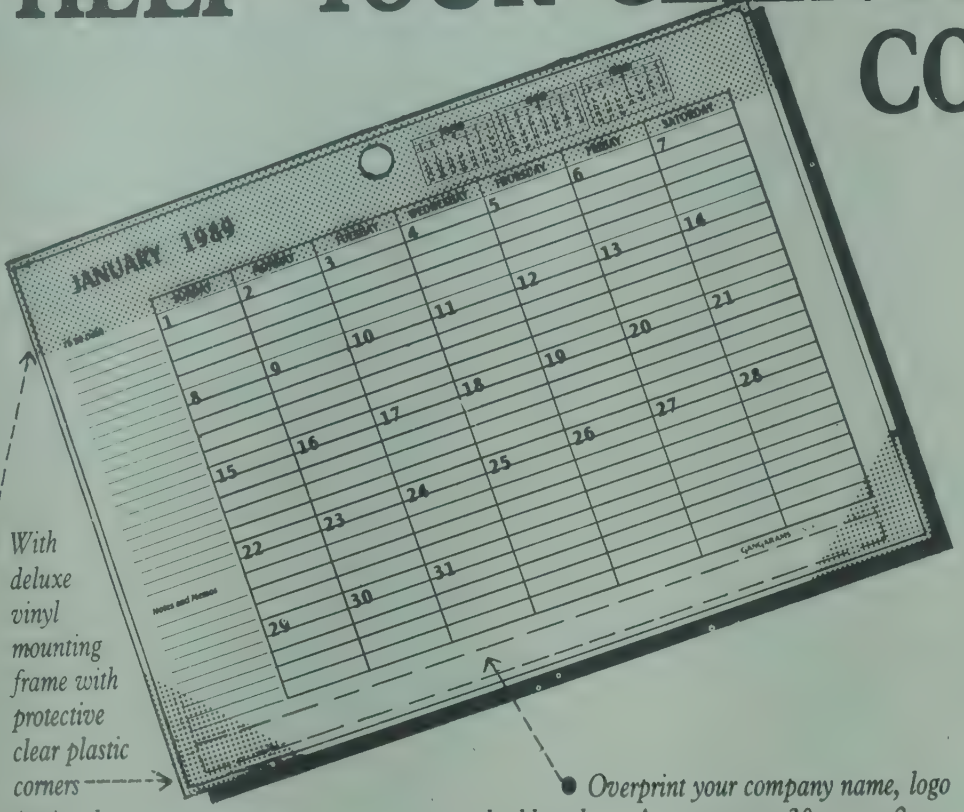
Reckitt & Colman

Reckitt & Colman has completed the first half of the current year on an encouraging note. Its sales have increased by 16 per cent to reach Rs.33.64 crores. But profits are not proportionately higher. The operating profit is Rs.5.90 crores (Rs.5.51 crores). The company does not have a heavy interest burden. It has earned a higher net profit of Rs.3.20 crores (Rs.2.89 crores) after providing Rs.0.33 crores (Rs.0.35 crores) for depreciation and Rs.2.28 crores (Rs.2.15 crores) for taxation.

The cost of raw materials rose to Rs.15.53 crores (Rs.11.38 crores). This is quite high considering that sales rose by only 16 per cent. As a percentage of sales, the expenditure on raw materials has gone up to 46.17 per cent (39.38 per cent). This has resulted in a marginal fall in operating margins to 17.54 per cent (19.07 per cent).

The company is in the advanced stage of developing a new range of products, which will be marketed under the brand name Binaca. It has installed a plant in Mysore for the production of phar-

HELP YOUR CLIENTS PLAN THE COMING YEAR.



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UNIT COST	Rs. 10	Rs. 9	Rs. 8.50
OVERPRINTING	Rs. 150	Rs. 500	FREE

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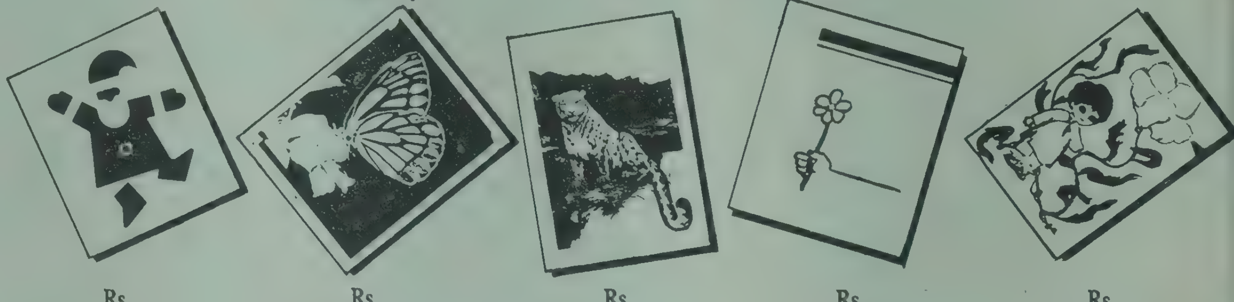

unicef	Beauty Without Cruelty	WWF	Ashraya	CRY
Rs. 450 (per 100)	Rs. 250 (per 100)	Rs. 300 (per 100)	Rs. 300 (per 100)	Rs. 350 (per 100)

Note: These rates are for 100 assorted cards: overprinting of your company name, logo & address available on inner right hand page side to approximately 1/6 of page size.

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TEL. ....
SIGNATURE ....

Please remit Rs. 250 by D.D. as advance. Balance is payable by VPP.

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MOUNTING FRAMES	....	....
OVERPRINTING	....	....
TOTAL	....	....

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BEAUTY WITHOUT CRUELTY	....	....
WORLD WILDLIFE FUND	....	....
ASHRAYA	....	....
CRY	....	....
TOTAL	....	....
OVERPRINTING	....	....

Artworks /positives of logo, etc., enclosed. Single colour printing only.

You may send orders on photostats or your letterheads. Please specify mode of delivery.

THE DESIGN & PRINT GROUP

			(Rs. crores)
	Jan-June 1988	**Jan-June 1987**	**Jan-Dec 1987**
SALES	33.64	28.90	58.43
OTHER INCOME	0.21	0.20	0.85
TOTAL INCOME	33.85	29.10	59.28
RAW MATERIAL COST	15.53	11.38	23.80
SALARY & WAGES	4.01	3.88	7.92
OTHER EXPENSES	8.41	8.33	17.40
OPERATING PROFIT	5.90	5.51	10.16
INTEREST	0.09	0.12	0.19
GROSS PROFIT	5.81	5.39	9.97
DEPRECIATION	0.33	0.35	0.63
TAX	2.28	2.15	3.87
NET PROFIT	3.20	2.89	5.47
OP/SALES (%)	17.54	19.07	17.39
RM/SALES (%)	46.17	39.38	40.73

maceuticals. It is expected to be completed by the end of the year. Soon after, the company plans to launch a new anti-ulcer drug Recolfet at its own plant in Karnataka.

The company also plans to get into the food processing industry. It has plans to market fruit juices in cans and aseptic packaging. Initially, only one or two flavours are to be introduced. But the company has to be cautious here, as Parle, the market leader in this field, and Lipton, are known for their marketing skills. But Reckitt will market its product as fruit juice (having 70 to 80 per cent concentration). So a direct confrontation will be avoided.

All these investments will provide the company a stable base and also help it to service its capital which doubled after the issue of bonus shares.

RESULTS ANNOUNCED

BSES

The Bombay Suburban Electric Supply Ltd (BSES) has recommended a dividend of 20 per cent for the year ended 31 March 1988. The company which distributes power to a part of Bombay city reported a rise in income from Rs.279.16 crores to Rs.297.32 crores. The gross profit was marginally lower at Rs.11.73 crores (Rs.11.98 crores) and after providing Rs.4.25 crores (Rs.3.88 crores) towards depreciation and Rs.1.35 crores (Rs.90 lakhs) for taxes the net profit was Rs.6.13 crores (Rs.7.20 crores). The proposed dividend absorbs Rs.1.32 crores.

Lipton

Lipton India Ltd, part of the Unilever group, has turned out encouraging results for the year ended 30 June 1988. A dividend of 22 per cent has been announced. The company registered higher sales of Rs.374.03 crores (Rs.325.40 crores) and a gross profit of Rs.14.26 crores (Rs.13.01 crores). After providing Rs.1.40 crores (Rs.1.50 crores) for depreciation and Rs.5.66 crores (Rs.5.21 crores) for taxes, the net profit rose to Rs.7.20 crores (Rs.6.30 crores).

ITC

The company improved its performance during the year ended 30 June 1988. The turnover of Rs.1,190.45 crores was Rs.135.28 crores more than in the previous year. Profits before tax also went up to Rs.43.13 crores (previous year: Rs.38.36 crores) while profit after tax was Rs.24.79 crores (Rs.17.44 crores). Dividend for the year has been hiked by five points to 35 per cent.

The company paid Rs.820 crores in excise duties, Rs.78 crores more than in 1986-87. After provisions for export promotion reserve and debenture redemption reserve, the company has transferred Rs.12.34 crores to the general reserve, and carried forward Rs.1.5 crores to the next year.

Mukand Iron

The company's performance in the year ended 30 June has been impressive. The turnover increased to Rs.303.02 crores (Rs.266.26 crores). Dividend has been hiked by three points to 23 per cent.

Much of the improvement in the company's performance can be attributed to the change in the product mix; greater emphasis has been placed on special steels, alloy steels and stainless steel, among other new items. Gross profit after interest was Rs.21.54 crores (Rs.16.23 crores), while depreciation charges were Rs.7.33 crores (Rs.6.81 crores). After taxes — Rs.2.3 crores (Rs.1.43 crores), the net profit was Rs.11.91 crores (Rs.7.99 crores).

After adjustments, the profit available for appropriation is Rs.12.03 crores (Rs.2.11 crores). Dividend payout is Rs.2.26 crores (Rs.1.77 crores), while Rs.6.05 crores (Rs.25.9 lakhs) has been transferred to the general reserve.

IN BRIEF

Winsome Textile Industries has reported an improved performance for the year ended 31 March 1988. The turnover of the company has gone up to Rs.16.60 crores (previous year: Rs.12.23 crores). Similarly the net profit of the company was higher at Rs.48.27 lakhs (Rs.13.16 lakhs).

The company has recorded an export turnover of Rs.2.48 crores as compared with only Rs.15.63 lakhs in the previous year. The company is also going in for an expansion-cum-diversification programme costing Rs.4.85 crores to increase the installed capacity by 4,800 spindles to about 21,000 spindles.

Adinath Textiles Ltd, manufacturers of quality hosiery and knitting yarns, has declared a dividend of 12 per cent for the year ended 31 May 1988. The turnover of the company during the year increased by 19 per cent to Rs.10.95 crores (Rs.9.21 crores). The net profit of the company after providing for depreciation and taxes during the year was Rs.46.97 lakhs (Rs.21.80 lakhs).

The Alkyl Amines Chemicals Ltd, a company manufacturing various chemicals, has done well during the first six months ended June 1988. The gross sales of the company during the period are higher at Rs.4 crores against Rs.2.93 crores in the corresponding period of the previous year, an increase of 36 per cent.

Similarly, the gross profit of the company has gone up to Rs.76.45 lakhs against Rs.17.59 lakhs. The company claims that it has thus wiped off its carry forward loss of Rs.38.75 lakhs and made a surplus of Rs.10.70 lakhs.

Matushree Textiles Ltd has increased its turnover for the year ended March 1988 by 141 per cent from Rs.8.35 crores to Rs.20.12 crores. The board of directors of the company has recommended a 12 per cent dividend. The operating profit of the company was also higher at Rs.1.04 crores (Rs.0.72 crores). But the net distributable profit of the company was lower at Rs.18.36 lakhs.

CHECK THIS OUT

BEFORE INSTALLING A COMMERCIAL FLOOR...

Ever since Linoleum was invented way back in 1863, commercial floorings have progressed in leaps and bounds — necessitated by the rapidly changing commercial environment, and customers who have become exacting in their needs.

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Today, more than ever, you should pay careful attention to your choice of commercial flooring. To ensure it can withstand the abuse of rush hour traffic, retain its beauty and last for years.

WHAT TO LOOK FOR IN A COMMERCIAL FLOORING

First take into account the activity within the area to be refloored. Then consider the ideal floor attributes that will meet your needs, before choosing a commercial flooring.

AREA	ACTIVITY	IDEAL FLOOR ATTRIBUTES
Reception Rooms	Medium — Heavy Traffic Mud, gravel, water enters into office	Durable. Various shades. Easy maintenance.
Corridors	Heavy Traffic	Durable. Maximum underfoot comfort. Easy maintenance. Sound insulated.
Typist Pools	Heavy Traffic. Office furniture present	Durable. Resistant to furniture indentation marks. Resistant to castor wheel marks. Easy maintenance.
Cabins	Medium — Heavy Traffic	Durable. Sound insulated. Light or dark shades. Easy maintenance. Resistant to furniture indentation marks.
Conference Rooms/Schools/ Hospitals	Medium — Heavy Traffic	Durable. Sound insulated. Light or dark shades. Easy maintenance. Resistant to furniture indentation marks and hygenic.
Canteens	Heavy Traffic. Hot food liable to be spilt	Durable. Stain resistant. Easy maintenance. Sound insulated.

Next, consider the different floorings available in the market ... like Vinyl Asbestos Tiles, Calendered Flooring and Foam backed Vinyl Flooring.

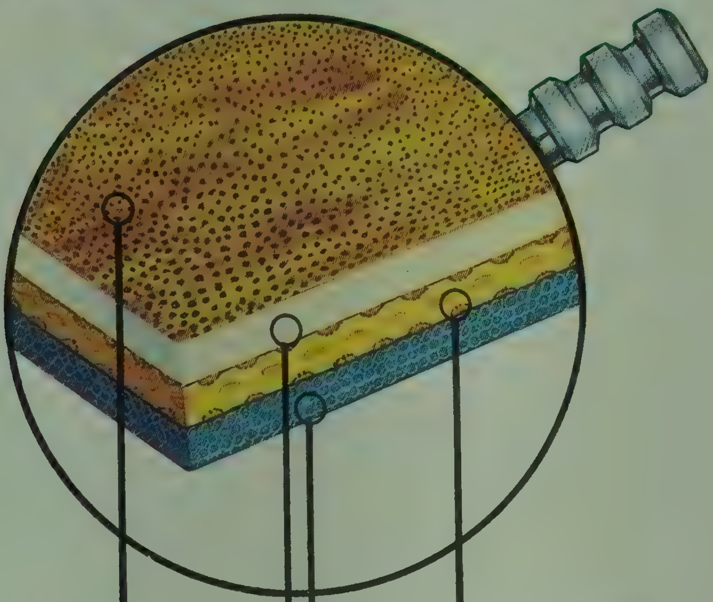
ATTRIBUTE	CALENDERED HOMOGENEOUS FLOORING	VINYL ASBESTOS TILES	FOAM BACKED VINYL FLOORING
ABRASION RESISTANCE	MEDIUM	LOW	**HIGH**
DIMENSIONAL STABILITY	$\leqslant 0.4$	$\leqslant 0.25$	**$\leqslant 0.1$**
SOUND INSULATION	$\Delta L = 2$	$\Delta L = 2$	**$\Delta L = 15\text{-}16$**
WALK COMFORT	HARD	HARD	**SOFT**
DESIGN/COLOUR	POOR	POOR	**VARIOUS**
WALL TO FLOOR CO-ORDINATION	NO	NO	**MANY POSSIBILITIES**
POROSITY	POROUS	POROUS	**NON-POROUS**
FIRE-RESISTANCE	GOOD	GOOD	**GOOD**
INSTALLATION	NON-FLEXIBLE MATERIAL HOT WELDING NECESSARY	BREAKING MATERIAL OPEN JOINTS ASBESTOS DANGER	**FLEXIBLE MATERIAL** **COLD WELDING POSSIBLE**

Considering the ideal commercial floor attributes required, Foam backed Vinyl Flooring comes out far ahead of both Vinyl Asbestos Tiles and Calendered Flooring. Good reasons why it's the most widely used commercial flooring in Europe.

In India, only Royal Cushion Vinyl Products Pvt. Ltd. manufactures Foam backed Vinyl Flooring under the brand name 'TRANZIT SERIES' in collaboration with world leaders Gerland of France.

Now double check whether the TRANZIT Series can match your needs.

THE TRANZIT SERIES HAS:



LIGHT MECHANICAL EMBOSSING: For zero dirt accumulation, scratch-resistance and non-skid properties.

TRANSPARENT PVC LAYER: Non-porous to ensure stain resistance. Tough, for maximum abrasion resistance.

COMPACTED GLASSFIBRE REINFORCEMENT: To prevent expansion and shrinkage and withstand maximum temperature fluctuations.

LOW DENSITY CLOSED CELL FOAM LAYER: To facilitate underfoot comfort, better sound insulation and best residual indentation.

All primary materials used in the manufacture of TRANZIT Floorings conform to the highest standards of quality. Unlike competitive floorings, no recycled material (which desequilibrates the product and weakens it) is used. TRANZIT Floorings are cold welded and come in 2m rolls. TRANZIT Floorings are available in neutral designs permitting easy colour co-ordination. Unlike other floorings, TRANZIT Floorings can be installed using a totally safe water-based adhesive, specially developed for the TRANZIT Series.

SPECIALIZED FLOORINGS — FOR SPECIAL NEEDS

FLOORING	PLACES FOR USAGE
TRANZIT ANTISTAT FLOORING. With a unique physiological antistatic property.	Computer Rooms.
TRANZIT ACOUSTIFLOOR For maximum sound insulation.	Hospitals. Schools. Recording Studios. Health Clubs.
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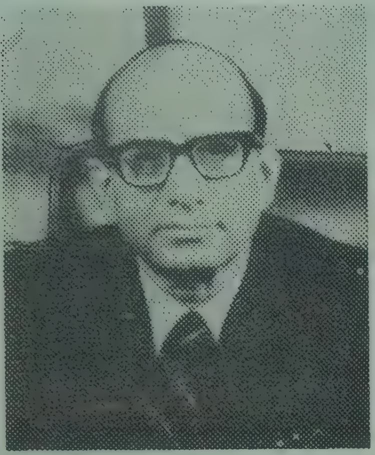
BOMBAY SUBURBAN ELECTRIC SUPPLY LIMITED



M. L. Shishoo
Chairman

CHAIRMAN'S STATEMENT

I have great pleasure in welcoming you all to this Annual General Meeting of your Company in its Diamond Jubilee Year. It is also the first General Meeting of the Company I have the privilege to preside over as its Chairman. This year is expected to mark the watershed in the annals of the Company's history as the Company is embarking on a giant project of 500 MW thermal power plant involving a capital outlay of almost Rs.900 crores. The project heralds a quantum jump in our activities, from Rs.100 crores to Rs.1000 crores in terms of capital investment which is bound to radically transform the complexion of our business. I am fully conscious of the challenge ahead and the onerous responsibility which we shall be called upon to shoulder. I am, however, confident that the dedicated and talented staff of the Company accept the challenge without hesitation. While I shall deal with this project at some length later on, let me now start with the review of the Company's operations.

POWER SUPPLY DIVISION

Your Company has made steady progress during the year. 64,224 new consumers were connected to the system during the year. The shift in the "consumer mix" from industrial to residential consumers, a feature observed over the years, continues with the growth of housing colonies and dwellings for the weaker sections of the society in the areas served by the Company. The Company now serves over a million consumers.

The system demand has risen from 506 MVA last year to 547 MVA in the year under review and the sale of units from 2279 MU to 2477 MU. The growth in turnover has not however been commensurate with the increase in sale of units mainly due to the rapid growth in the offtake by residential consumers for whom the tariff is cross subsidised.

System Development

Considering the growth of demand in the Company's licensed area, the need for increasing capital investment in the expansion and improvement of the system is expected to continue and this will necessitate considerable mobilisation of resources. As it is, the Company has been making substantial capital investments every year for the electrification of more areas and also for strengthening the distribution network in the existing areas to cater to the rising demand. In the year under review, we invested Rs.18 crores on this expansion programme, which included installation of 30 MVA transformer capacity and associated switchgear and main line feeders and commissioning of 95 new substations including 18 High Tension consumer substations. In the current year, we have budgeted Rs.20 crores for augmenting distribution facilities. Efforts are on to mobilise resources to raise this amount further. The intention is to build in our system adequate reserve margins, thereby ensuring high reliability and availability of the supply to the consumers.

Consumer Satisfaction

I must make a special mention here of the dedication and devotion of our staff at all levels that have largely contributed to the maintenance of high level of consumer satisfaction. This is a measure of our responsiveness to the sensitivity of the consumers to the quality of service. Staying in this business which is highly professionalised and demanding in quality of service, our success largely depends upon the competence and dedication of the staff.

CONTRACTS DIVISION

The activities of the Company's Contracts Division continued to expand. The turnover, however, rose only marginally from Rs.20 crores during the last year to Rs.21 crores due to growing competition in the domestic market which has imposed a squeeze in the margins.

The Company continues to enjoy confidence of the project authorities and has continued to receive a large number of work contract orders. The order book for domestic operations stood at Rs.9.47 crores and for foreign contracts at Rs.6.28 crores at the beginning of the current year.

Currently, the Company is executing contracts for prestigious projects of national importance like nuclear and thermal power projects, fertiliser and petrochemical projects spread all over the country.

Overseas operations accounted for abo
Rs.4 crores during the year under revie
In view of the recessionary trends in Saudi Arabia due to decline in oil revenue and resultant sluggishness of the economy, prospects of securing an
large contract appear dim. Even so you
Company has continued to operate at
low level, gainfully utilizing the existing equipment and other facilities created, and in the process earning modest profits.

In the Kingdom of Bhutan, we have ma
satisfactory progress in the electrificatio
of two towns. The value of contracts no
stands revised upwards substantially (from Rs.4.70 crores to Rs.6.55 crores)
With satisfactory performance and goo
rapport established with the Governmen
agencies concerned, the Company stands good chance of expanding the contracting business further in the Kingdom in future.

The diversification into contracting business has indeed been a rewarding experience. Not only have we made steady progress in turnover and earned modest profits, but have also gained valuable experience and immense confidence. This will stand us in good stead during the construction of our power project when the experience gained and expertise built up by this Division are expected to be fully harnessed. It is planned to enlarge the activities of our Contracts Division in future. An area that appears promising
construction of transmission lines where
sufficient scope exists at present.

500 MW POWER GENERATIO PROJECT

Let me now turn to the giant project of the Company I referred to earlier.

Status

As your Company enters its Diamond Jubilee Year, it is making a determined effort to embark on the bold venture of setting up the 500 MW power generatin
plant in fulfilment of its obligations unde
the Licence.

With the Central and State Government
as also financial institutions and investo
having reposed their trust in the Compa

BSES

we are gearing ourselves to the task of implementing the generation project.

Originally, Bassein site was approved for this station both by the State and Central Governments. The location of the station had to be reviewed essentially on the consideration that the site encroached on the regional development plan. The alternative site near Dahanu was identified after a detailed and careful study. The Government of Maharashtra finally approved the site after the Expert Committee of its Department of Environment comprising eminent experts drawn from various disciplines like environment, industries, fisheries, forestry, horticulture, hydrography, chemical engineering and academic institutions, independently assessed the site. The site is in a predominantly marshy and uninhabitated area and would not involve any dislocation of population, rehabilitation or deforestation whatsoever.

With the generating project now distinctly appearing on the horizon, we shall be looking into the future with confidence and assurance. The Company draws its inspiration from the foresight of its founders, a foresight which remains reassuring even to this day when we are entering the Diamond Jubilee Year.

Environmental Aspects

As some apprehensions have been voiced in some quarters on the impact of the power station on the environment, it may not be out of place to deal here briefly with this aspect of the project.

Your Company is fully conscious of its obligations to protect the environment around the power generation plant and will spare no efforts in discharging this obligation. Very high efficiency electrostatic precipitator and tall chimney will be installed to drastically restrict particulate emission and ensure its wide dispersal. The discharge of warm water from condensor will be so planned as to limit the temperature rise and that too restricted to a local pocket in the creek to within 3°c which is absolutely harmless for marine life. These two measures are designed to protect the environment from any adverse effect of the power plant operation. In this context I should like to draw specially your attention to the reassuring experience of flourishing vineyards in Nasik, orange gardens around Nagpur and fish farming in cooling water ponds in the close vicinity of Koradi and Bhusawal thermal stations of the State and dispel the apprehensions expressed in certain quarters of the impact on the environment from the project.

The setting up of the power station would undoubtedly result in socio-economic gains to the local population and enrich the quality of life around the site. Besides providing opportunities for employment during construction and operation of the station, the spin-off from the project will be improvement in local communication, boost to trading, improvement in health care, educational facilities, etc.

Social Obligations

The power generation plant will prove a catalyst for promoting economic activity in the Dahanu area. The Company intends to help the local youth with prescribed minimum educational qualifications in acquiring skills in various trades in Industrial Training Institutes, so that they could be absorbed in the power station. It will also encourage fish farming, horticulture, etc. in the secondary resources emanating from the power plant and give a boost to the local economy and quality of life.

With the clearance of Dahanu site now by the State Government and the start of preparatory activities, it is expected that after all the long wait, the project will take-off with the desired speed no sooner the final clearance is received from the Government of India. This is what we are eagerly looking forward to since any further delay in the clearance of the project is likely to cost us heavily in terms of price escalation.

Financing

The vital issue of financing the project is being tackled simultaneously from various directions. We have approached the international financial institutions like World Bank, Asian Development Bank, International Financial Corporation and we are hopeful of favourable response from them to meet substantial part of the funds requirement. Besides, we have approached local financial institutions for evolving a suitable financial package of share capital and borrowings. We have also approached the Government of India to permit part funding through suppliers' credit.

Favourable Climate

The present climate in the country is very congenial for our venturing into power generation. As you are aware, the Union Energy Ministry has declared its policy of encouraging the participation of the private sector in the power industry. In the background of the widening gap between power supply and demand in the country, the Government's decision is very timely. It is also hoped that the Government will implement other recommendations of the working group set up on private sector participation to induce private investment. These relate to, amongst others, upward revision of Reasonable Return and depreciation rate.

Fiscal Incentives

A growing awareness in the Government is discernible of the need to accelerate the development of the power industry in the face of the increasing demand. My predecessors in their annual reports had voiced the adverse impact of fiscal policy on the internal generation of funds by electricity undertakings. This situation has been corrected to some extent by the Finance Minister's announcement of fiscal reliefs by proposing reintroduction of investment allowance on newly installed plant and machinery and exemption of electricity companies from payment of minimum tax based on book profit. It is hoped that necessary legislation to give effect to these fiscal measures would be brought soon so that it will help in the building up of internal resources for the development of the power industry.

Though we can derive satisfaction from our achievements during the past 60 years of dedicated service to the energy consumers as also to other clients in the area of contracting, it is no time to rest on our oars.

The apprehension that the undertaking might be taken over had been lurking all the time and this could not but have its impact on its operations, particularly long term planning. The clouds of uncertainty are now dispelled.

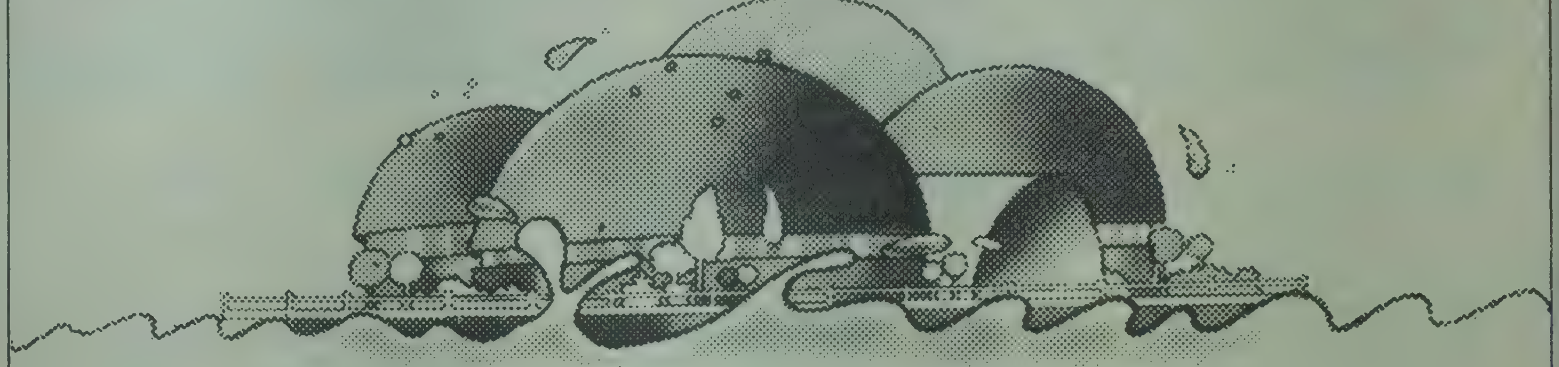
The task ahead is formidable and calls for an all out effort on our part. While there is a great challenge, there is also a great opportunity and we are determined to measure upto your expectations.

It, however, needs to be appreciated here that as this project marks a quantum jump in our operations, the entire concept of our functioning needs to be radically transformed. New systems have to be evolved in the spheres of personnel, financial, contractual and operational management. This matter is engaging our serious attention.

I have full confidence in the dedication and competence of our staff to come up to the demands of the challenge. The Company has inherited a rich legacy in power distribution from the past of which it can be legitimately proud of and is now determined to hold its own in the power generation field as well with the same distinction.

Bombay,
23rd August, 1988.

M. L. Shishoo
Chairman



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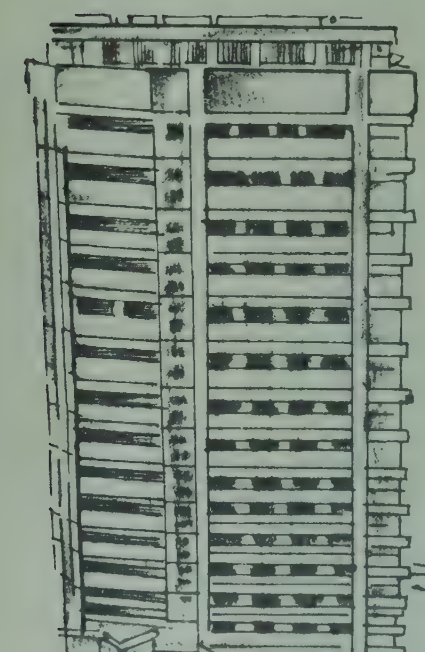

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Esab India Ltd

As Indian industry diversifies and companies become more technology-concious and competitive the need for more ophisticated welding and cutting equipment will grow. "In India, Esab India Ltd proposes to manufacture and market state-of-the-art, highly sophisticated and specialised welding and cutting equipment, flux cored wires, agglomerated submerged are welding fluxes etc," says James Thorpe, managing director of the company.

Esab India Limited is being promoted by Esab Holdings Limited, UK, a wholly owned subsidiary of Esab AB, Sweden which is one of the leading companies in the world in welding and cutting equipment consumables and accessories. The Swedish company had a turnover of about Rs.940 crores in 1947, with equity and reserves of Rs.135 crores.

In 1935 Esab took over the welding operation of Philips in Europe and what is seen as a natural consequence, Esab India has taken over the welding unit of Peico Electronics and Electricals Ltd at the MIDC Industrial area, Thane as a going concern from 1 July 1988, at a cost of Rs.6 crores. Thorpe feels this will give Esab a firm infrastructure to begin operations in India.

The total cost of the project is estimated to be Rs.18.18 crores. This will be financed by equity capital of Rs.500 lakhs of which the promoters' contribution will be Rs.199.5 lakhs (39.9 per cent). The public issue will be of 3,004,993 equity shares of Rs.10 each for cash at par. Term loans from financial institutions will account for Rs.9.4 crores and bank borrowings for Rs.3 crores. The balance of Rs.78 lakhs will be from internal accruals.

The company anticipates a turnover of Rs.11 crores in the first nine months of its operation. Also, in view of the fact that Esab has taken over an operational unit, the directors are confident that the company will make a profit in the first year of operations.

The growth potential for the company is quite encouraging because the market for welding equipment in the country is about Rs.250 crores. According to Thorpe the company's products will lead to import substitution because they will be at least 20 per cent cheaper than those imported from abroad.

The company has an eminent board of directors which include Homi Bilpodiwala, chairman; Homi Sethna, director; Suresh Talwar, director; Govind Mathrani, director, among others.

The issue opens on 3 October 1988 and the shares will be listed on the Bombay and Calcutta stock exchanges.

Reliance Petro

The overwhelming response to the Rs.593-crore mega issue of Reliance Petrochemicals surprised everybody, despite the already high expectations. Tentative estimates indicate that the company raked in over Rs.1,300 crores. Out of this huge amount about Rs.350 crores is believed to have come in from existing shareholders under the preferential offer.

The public offer of Rs.267 crores was oversubscribed more than seven times. Company sources emphasise that most of this money came from individuals. The financial institutions chipped in only Rs.38 crores.

A few statistics on the aggressive selling of the jumbo issue — the largest ever in Indian corporate history — explain why the issue met with resounding success.

Reliance Petrochemicals utilised 20 tonnes of paper to print 40 million debenture application forms and an estimated 10 million prospectuses. Six printers were deployed all over the country to make distribution of forms easier. Over 3000 stockbrokers were officially designated "brokers to the issue" with many more sub-brokers. Nineteen banks collected application forms through a network of 321 branches. In addition to this Reliance Petrochemicals opened 75 investor collection centres. The response at these centres which accepted post-dated cheques from investors weeks before the issue opened is believed to have been encouraging.

Advertisements were placed in 230 publications; 90 corporate ads (1 minute each) and 60 time spots appeared on TV, 3,500 spots were broadcast over the radio, and 28 mobile TV/video vans publicised the issue. Reliance held 132 investor conferences, 110 press conferences, 18 broker conferences and 19 NRI conferences. The investor was approached at the individual level too: 1,200 Vimal showrooms distributed forms; 2,200 brokers from 15 stock exchanges sold the issue; 110 million application forms and 10 million prospectuses were distributed. Finally, there were 80 advance collection centres; and 600 bank branches collected money.

Kajaria Ceramics

Kajaria Ceramics Ltd, a company promoted by Ashok Kumar Kajaria and Kajaria Exports, is entering the capital market on 26 September 1988, with a public issue of 2.2 million equity shares of Rs.10 each, amounting to a total of Rs.2.20 crores. The purpose of the public issue is to partly finance the cost of the new project set up at a cost of Rs.15 crores at Sikandrabad in UP.

The company has already commissioned the plant for the manufacture of 12,000 tpa of ceramic glazed floor and wall tiles; the plant started trial production about a month ago. According to Ashok Kajaria, managing director, in the first month itself the plant achieved a capacity utilisation of 110 per cent against the break-even point of 48 per cent. Kajaria uses a new single-firing technology which makes the glazed ceramic tiles lighter but stronger than conventional ceramic tiles.

"Our turnover in 1989-90 (the first year of full production) will be Rs.9.20 crores and profit after tax Rs.1.70 crores," says an optimistic Kajaria. But the market for ceramic tiles does not appear to be so rosy. Besides Spartek Ceramics, set up three years ago, four new units have joined the fray. While it is true that the demand for ceramic floor tiles is growing the high prices mean that the market remains limited. To add to problems, there are too many manufacturers. As a result, the share prices of all the new entrants, baring Spartek, are hovering just above their par value.

Kajaria is hopeful that the company will be able to export 20-25 per cent of its production, although exports are not obligatory. The company feels that its long association in the export business (through Kajaria Exports) will help it to succeed where many others have failed. The company has obtained government sanction for expansion from 12,000 tpa to 26,000 tpa. The expansion will be brought about at just half the initial investment of Rs.15 crores and is expected to be completed well before the expiry of tax benefit and other backward area concessions in 1991.

STOCKMARKET REVIEW

Fundamental movements

(For the period 29 August to 9 September 1988).

Stockmarkets strengthened during the fortnight under review. Two factors lay behind the rise: (a) with very few companies reporting weaker results, and most reporting spectacularly stronger results, and (b) with institutions busy utilising the large amount of funds mopped up over the past two months (at home and abroad) to purchase scrips with strong fundamentals, the stockmarkets had little use for those of bearish mood. *The Economic Times* All-India Index of Ordinary Share Prices rose over 7 per cent for the fortnight from 261.2 to 281.5. The rises were most marked in scrips with strong corporate performances, signalling an important institutional change of strategy from "buying the BSE Index" to "buying the fundamentals". This led to the BSE Index underperforming the ET Index for a change, rising 5 per cent from 590.51 to 620.01.

The rising strength of cash scrips did not, however, dwarf the somewhat unbelievable rises in several forward scrips. NOCIL, for instance, rose 30 per cent to Rs.665, while its stablemate, Polyolefins India, recorded an impressive 15 per cent rise to Rs.790. The other spectacular "results-based" gainer in the A group was Colgate which rose from Rs.221.25 to Rs.260, or a little more than 17 per cent. While these rises were due to high half-yearly earnings announced by these companies, another big gainer, Century Enka, rose on strong speculative support from Rs.1525 to a high of Rs.1890 before closing at Rs.1825.

The sort of returns implied by these gains in forward scrips needs to be explained. For example, an investor in Century Enka who purchased 50 shares forward at the start of the fortnight for Rs.1525 needed to immediately invest a daily-margin amount of Rs.80 per share, or Rs.4000. If he cleared out at fortnight's end, he would have profited to the extent of Rs.15,000, for a return of 375 per cent on his initial (and refundable) investment. This compares with the 20 per cent return that he would have received had he invested in cash for the scrip.

With these sorts of gains, bulls were in fine form, although one needs to consider whether the market is now overheating a bit as a result (on which more below). But the example of Century Enka shows clearly why a scrip which has been moved from the cash list to the forward list should rise sharply in price. Such an event was announced for five scrips on 7 September *(see Table 1)*, but the message from such a move is partly economic and partly cautionary.

The large price rise after the announcement is reasonable given the arguments above. But there is more. As the table shows, four of the five scrips (except for Kirloskar Cummins) outperformed the ET Index until 6 September, ie, before the news became public. This possibly means that some buyers had advance information about the transfer and were able to profit from it, especially in the cases of Apollo Tyres and Indrol.

The government announced the new financing structure for SEBI during the fortnight. The financing is along the lines suggested last month by the stock exchanges themselves (crucially, the levy does not depend on turnover) and has been accepted by the exchanges as reasonable.

Takeover fever is beginning to affect India in right earnest. Larsen & Toubro rose from Rs.104 to Rs.123.5 on rumours of a Chhabria or an Ambani takeover. T latter is viewed by the market as mo likely given that no significant forei holding is involved and given the need f institutional support for a successf takeover. Gammon India, which has a per cent foreign holding, was also in t limelight on takeover rumours. The scr rose from Rs.89 to Rs.134 on hectic tra ing and was then shifted to the spo delivery list causing its price to subside Rs.103.75 by the fortnight's close.

Table 1

Company	Prices on			% change	
	26 Aug	6 Sept	9 Sept	before announcement	after announcement
APOLLO TYRE	26.25	33.5	36.5	26.4	8.95
EXCEL	54.50	61.0	74.0	11.9	21.3
GUJARAT AMBUJA	15.25	16.5	19.7	8.2	19.7
INDROL	146.25	176.5	200.0	20.7	13.3
KIRL CUMM	56.00	57.00	75.0	1.8	31.6
E.T. INDEX	261.2	275.0	281.5	5.3	2.4

Table 2

Company	% change	
	Pat	Pri
BROOKE BOND	118	
CENT. ENKA	413	1
KINET. ENGG	340	2
NOCIL	49	4
SAMTEL	117	1

Percentage change in latest half-yearly profit after tax ove the previous period and in share price over the past four months (to 9 Sept. 1988).

Another tyre company, MRF, also ro sharply on reports of good performan from Rs.169 to Rs.210. Bajaj Auto a nounced its annual results which we much better than expected by the mark given the seven-month strike last year. I price rose from Rs.263.75 to Rs.272 Mukand Iron announced a 1:2 bon along with good annual results. Sin these results were in line with the ma ket's expectations, its share price w steady at Rs.89. In the cash list, scrips two-wheelers were in demand followi the good annual results of Hero Hon which rose from Rs.16 to Rs.19.5. Kinet Engineering's shares were also in d mand following a 340 per cent rise half-yearly net profit. Its price rose fro Rs.217.5 to Rs.242.5 over the fortnigh Samtel announced a 117 per cent rise half-yearly earnings, causing its price rise from Rs.36 to Rs.56.25, a rise of ov 50 per cent.

With such strong double digit percen age rises in prices over the past fortnigh some traders feel that the market mig be overbought. However, a comparison increases in profits after tax with sha price increases indicates that the latt has yet to catch up *(See Table 2)*. On t bearish side, there is some concern th the *pari passu* clause will return no that the Reliance Petrochemical issue over. But such an event is likely to be match for the bulls in action these day especially institutional ones.

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A.P.SCOOTER,10	07/87	9.94	-13.25	-3.61	4.50	6.24	2.00	-4.81						
ACC,100	07/87	40.85	106.60	360.95	256.00	267.00	120.50	0.83	-0.59	308.43	10.00	3.90	86	1:5
AHM CALICO,125	06/87	13.56	16.43	276.46	28.00	41.00	25.00	134.66		0.21	0.18	0.75	77	1:7
AHM ELECTRIC,100	03/88	18.30	65.26	456.61	132.50	150.00	120.00	35.46		3.74	16.00	12.10	87	1:5
ALFA LAVAL,10	12/87	5.21	15.07	38.93	66.00	74.00	46.00	5.83	1.42	11.32	18.00	2.73	86	1:2
ALLWYN NISSAN,10	06/87	16.54	0.15	10.09	8.00	11.00	3.76	-2.20	-1.27					
AMAL RASAYAN,10	03/88	1.48	2.81	28.99	85.00	92.00	42.00	12.16	10.80	6.99	10.00	1.18		
AMB SARABHAI,10	03/88	22.20	-1.72	8.37	12.75	16.00	10.00	0.85		15.00			82	1:5
AMFORGE,10	03/88	5.33	8.92	26.99	36.00	36.00	23.00	3.75	4.29	9.60	22.00	6.11		
ANDHRA CEMENT,10	03/87	9.51	11.54	22.13	12.00	14.50	7.75	0.72	-3.99	16.67	10.00	8.33	67	1:2
ANDHRA VALLEY,100	03/88	10.51	38.33	464.70	152.50	195.00	142.50	110.94	121.79	1.37	16.00	10.50	75	1:9
ANDREW YULE,10	03/87	9.41	22.81	34.24	16.75	24.00	15.50	217.12		0.08	10.00	5.97	67	2:5
ANNAPURNA FOILS,10	03/88	9.05	0.00	10.00	8.00	12.25	6.00							
APOLLO HOSP,10	06/87	5.44	0.14	10.26	11.00	12.00	8.50	1.47	3.16	7.48	10.00	9.09		
APOLLO TYRES,10	10/87	7.75	1.34	11.73	36.50	38.00	22.75	17.22	7.29	2.12				
APPLE LEASING,10	09/87	3.56	0.81	12.28	13.75	20.00	11.50	2.03	3.93	6.77	23.00	16.73		
ASEA,10	12/87	3.00	7.33	34.43	54.00	68.00	38.00	3.80		14.21	18.00	3.33		
ASHOK LEYLAND,10	12/87	21.39	72.03	43.67	49.50	52.50	29.00	3.60	1.70	13.75	18.00	3.64	78	1:2
ASIAN CABLES,10	12/86	3.03	5.00	26.50	43.00	50.50	30.00	4.32	7.70	9.95	17.00	3.95	81	1:3
ASIAN HOTELS,10	09/87	13.64	1.30	10.95	36.00	40.50	28.00	1.79	2.80	20.11	10.00	2.78		
ASIAN PAINTS,10	12/87	12.45	32.81	36.35	170.00	177.50	128.75	10.07	3.67	16.88	30.00	1.76	87	1:2
ASSAM CO,10	06/87	7.00	18.20	36.00	97.50	112.50	90.00	6.43	-5.49	15.16	40.00	4.10	85	1:1
ASSAM FRONTIER,10	06/87	3.00	6.80	32.67	107.50	120.00	91.00	11.10	7.30	9.68	50.00	4.65		
ASTRA IDL,10	06/88	2.50	2.17	18.68	30.00	35.50	27.00	2.24		13.39	10.00	3.33		
ATLAS COPCO,10	12/87	7.26	7.96	20.96	49.00	63.50	33.50	1.65		29.70	16.00	3.27	87	1:2
ATLAS CYCLE,10	06/87	1.15	4.73	51.13	48.00	69.00	36.00	5.00	4.60	9.60	20.00	4.17	87	1:2
AVERY INDIA,10	12/87	4.20	9.34	32.24	109.00	131.00	93.00	8.57		12.72	35.00	3.21	84	2:5
BAJAJ AUTO,10	06/88	18.81	195.82	114.10	272.50	272.50	182.50	15.55		17.52	40.00	1.47	87	1:1
BAJAJ PLASTIC,10	12/87	1.50	4.94	42.93	20.00	36.00	17.00	1.20	-3.80	16.67			86	1:1
BAJAJ TEMPO,10	09/87	6.60	42.10	73.79	76.25	95.00	65.50	3.15	2.53	24.21	12.50	1.64	86	1:1
BAKELITE HYLAM,10	06/88	4.50	8.21	28.24	24.50	27.50	15.00	2.76		8.88	18.00	7.35	80	2:3
BALLARPUR,10	06/87	13.98	266.25	200.45	51.50	51.50	34.00	3.52	2.02	14.63	22.00	4.27	75	1:5
BARODA RAYON,100	06/87	12.14	18.05	248.68	250.00	282.50	140.00	-46.71	-0.66				82	1:2
BASF.10	12/87	2.84	11.14	49.23	90.00	100.00	63.33	7.01	4.61	12.84	20.00	2.22	88	1:2
BATA INDIA,10	12/87	10.50	17.18	26.36	65.50	75.00	52.25	3.70		17.70	15.00	2.29	87	1:1
BATLIBOI,10	09/87	2.79	3.90	23.98	13.00	17.50	10.50	-0.50	0.04		10.00	7.69		
BAYER INDIA,100	12/87	16.22	11.19	168.99	445.00	450.00	285.00	27.25	25.46	16.33	18.00	3.60		
BEST & CROM,10	03/88	4.73	18.85	49.85	50.00	79.00	30.00	1.65		30.30	9.60	1.92	82	3:5
BHADRA PAPER,10	09/87	10.57	17.51	26.57	26.00	28.50	22.50	4.16		6.25	20.00	7.69		
BHARAT FORGE,10	09/87	5.27	24.50	56.49	138.00	146.00	103.00	10.21	17.22	13.52	25.00	1.81	81	1:1
BHARAT GEARS,10	07/87	4.03	6.98	27.32	10.00	18.00	10.00	2.08	-2.48	4.81	12.50	12.50		
BIHAR ALLOY,10	12/87	8.20	-11.24	-3.71	18.00	19.25	12.75	1.45		12.41				
BIMETAL,10	06/87	1.91	7.73	50.47	67.50	75.00	50.00	7.80	5.24	8.65	21.00	3.11	81	1:2
BINDAL AGRO,10	12/87	3.79	2.85	17.52	89.00	112.00	52.00	11.35		7.84	50.00	5.62		
BIRLA JUTE,10	03/88	20.37	83.19	50.84	44.00	45.00	32.00	0.11		400.00	14.00	3.18	86	1:1
BIRLA YAMAHA,10	08/87	8.00	0.17	10.21	9.00	16.00	8.25	0.21	-1.82	42.86				
BLOW PLAST,10	07/87	2.00	3.61	28.05	36.00	62.50	29.00	15.40	-1.85	2.34	30.00	8.33	87	1:1
BLUE STAR,10	06/87	3.55	7.32	30.62	40.00	48.00	37.00	6.51	0.62	6.14	18.00	4.50	86	3:5
BOM BURMAH,100	09/87	5.52	14.56	363.77	340.00	510.00	345.00	36.59	21.74	9.29	20.00	5.90	78	1:4
BOM DYEING,10	03/88	11.24	55.99	59.81	116.00	159.50	94.00	17.22		6.74	30.00	2.59	79	1:1
BOM SUBURBAN,100	03/88	5.85	64.09	1195.56	240.00	240.00	150.00	104.79		2.29	20.00	8.30	81	1:3
BOOTS,10	03/88	8.10	6.76	18.35	97.00	110.00	64.00	4.95		19.60	18.00	1.86	87	1:1
BOROSIL GLASS,10	12/87	2.25	6.83	40.36	79.00	96.00	50.00	5.29		14.93	20.00	2.53	82	1:2
BRITANNIA,10	11/87	12.38	20.98	26.95	86.00	101.00	75.00	7.70	2.57	11.17	24.00	2.79	87	2:5
BROOKE BOND,10	06/87	24.73	22.90	19.26	97.00	98.00	74.50	5.83	5.43	16.64	30.00	3.09	86	3:5
BURROUGHS,10	08/87	3.00	11.76	49.20	160.00	170.00	115.00	3.93	4.17	40.71	15.00	0.94		
C.E.S.C.,10	03/87	16.94	62.17	46.70	14.40	18.50	12.50	5.59		2.58	16.00	11.11		
C.P.TOOLS,100	12/87	4.57	9.43	306.35	400.00	790.00	410.00	57.02	7.88	7.02	18.00	4.50	77	1:3
CABLE CORP,10	12/87	9.00	10.99	22.21	46.00	46.00	26.00	5.19	3.17	8.86	18.00	3.91		
CARRIER AIRCON,10	03/88	6.25	0.00	10.00	22.25	25.50	10.50							
CEAT TYRES,10	06/87	9.32	65.94	80.75	75.00	88.00	52.50	13.20	7.73	5.68	25.00	3.33	86	1:2
CEMINDIA,10	09/87	1.28	7.27	66.80	96.25	110.00	82.50	10.16	7.48	9.47	27.00	2.81	84	3:5
CENTURY ENKA,100	12/87	16.61	65.10	688.46	1825.00	1890.00	1080.00	84.03	100.71	21.72	38.00	2.10	88	2:5
CENTURY SPIN,100	12/87	26.62	203.09	862.92	1047.50	1105.00	617.50	59.91	23.78	17.48	24.00	2.30	86	2:3
CHAMPAGNE,10	12/86	2.00	-0.69	6.55	17.00	30.00	12.00							
CHLORIDE,10	08/87	20.65	13.55	16.56	67.00	79.00	60.00	4.46	5.20	15.02	31.00	4.63	86	3:5
CIFCO FINANCE,10	07/87	4.80	0.41	10.85	7.50	10.00	3.50	1.79		4.19	14.00	18.67		
CITURGIA,10	03/88	3.38	5.02	24.85	71.25	77.50	62.00	8.63		8.26	35.00	4.91		
COLGATE,10	12/87	15.72	15.18	19.66	260.00	265.00	160.00	9.63	6.62	27.00	50.00	1.92	87	1:1
COLOUR CHEM,100	03/88	7.94	12.09	252.27	407.50	420.00	320.00	37.66		10.82	20.00	4.90	80	2:5
COMET STEEL,10	03/87	6.13	0.00	10.00	12.25	16.00	9.00							
COROM FERT,10	03/87	24.32	36.61	25.05	29.00	35.00	21.00	-0.53	-3.57		8.00	2.76	86	1:2
COSMO FILMS,10	03/88	2.32	7.24	41.21	50.00	77.50	41.25	5.47		9.14	18.00	3.60		
CROMPT GREA,100	06/87	9.60	58.48	709.17	490.00	520.00	285.00	5.57	55.42	87.97	15.00	3.10	79	1:3
CYANAMID,10	11/87	5.25	10.26	29.54	44.00	52.00	34.50	2.46	1.47	17.89	10.00	2.27		

Company Face value	Year Ended	Equity Rs Cr	Reserves Rs Cr	Book value Rs	Price 9.9.88	1988 High	1988 Low	EPS Year	In Rs Half-yr	PE Times	Dividend %	Yield %	Year
DCM MILLS,10	06/87	23.02	52.94	33.00	36.00	43.00	28.75	-1.81	-7.18				7
DCM TOYOTA,10	06/87	15.00	-7.25	5.17	8.50	13.50	6.50						
DEEPAK FERT,10	03/88	14.82	7.05	14.76	37.75	45.00	23.00	3.03		12.46	18.75	4.97	
DEEPAK NITR,10	10/87	2.43	4.01	26.50	42.50	44.00	27.50	3.99	1.85	10.65	15.00	3.53	85
DEMPO STEAM,100	06/85	2.00	-9.83	-391.50	5.00	6.50	5.00						
DHARAMSI,10	12/87	6.24	10.44	26.73	29.00	30.00	14.00	1.04	1.47	27.88	10.00	3.45	79
DR.REDDYS,10	12/87	1.37	0.81	15.91	58.75	80.00	46.25	4.53		12.97	20.00	3.40	
DUNCAN AGRO,100	12/86	2.03	14.11	795.07	155.50	176.00	151.00	92.12		1.69	15.00	9.60	77
DUNLOP,10	03/88	18.99	64.48	43.95	70.00	83.00	65.00	10.64		6.58	30.50	4.36	76
E. MERCK,10	12/87	5.94	5.04	18.48	59.00	67.50	44.00	2.22		26.58	16.00	2.71	86
E.I.HOTELS,10	03/88	23.84	37.31	25.65	47.00	53.00	36.00	2.91		16.15	20.00	4.26	84
EICHER MOTORS,10	04/87	3.96	1.02	12.58	9.00	10.00	5.50	6.39	-4.85	1.41	12.00	13.33	
EID PARRY,10	06/87	6.28	5.12	18.15	31.00	39.50	29.50	1.39	1.53	22.30	15.00	4.84	
ELECON ENG,10	12/87	5.65	24.76	53.82	48.00	73.00	42.00	4.60	2.25	10.43	15.00	3.12	87
ENFIELD,10	06/88	5.04	9.45	28.75	10.00	11.50	8.25	-1.59	-5.93				85
ENGLISH ELECT,10	03/88	9.00	16.37	28.19	52.50	66.00	47.75	4.88		10.76	15.00	2.86	87
ESCORTS,10	12/87	27.59	69.82	35.31	51.50	54.50	36.00	2.74	2.36	18.80	22.00	4.27	86
ESKAYEF,10	11/87	7.50	14.26	43.52	130.00	147.00	97.00	7.72	4.04	16.84	25.00	1.92	88
ESSAR SHIPPING,10	12/87	34.87	37.98	20.89	18.00	26.50	15.50	2.23		8.07	20.00	11.11	
EXCEL,10	09/87	4.62	7.12	25.41	74.00	78.00	34.00	1.30	7.19	56.92	10.00	1.35	84
FAG PRECISION,100	12/87	3.36	7.09	311.01	122.50	122.50	105.00	9.79	1.28	12.51	10.00	8.20	
FERRO ALLOYS,100	06/87	5.52	18.78	440.22	320.00	330.00	122.50	13.41	63.42	23.86	5.00	1.60	80
FGP,10	03/88	4.89	5.82	21.90	27.50	31.25	23.75	4.09	3.73	6.72	16.00	5.82	87
FICOM ORGANIC,10	09/87	1.29	3.07	33.80	186.25	188.75	125.00	17.03	9.69	10.94	30.00	1.61	87
FINOLEX,10	11/87	3.24	13.72	94.22	270.00	278.75	154.00	25.06	34.61	10.77	40.00	1.48	88
FIRST LEASING,10	11/87	3.77	8.78	33.29	15.00	20.00	15.00	6.37		2.35	25.00	16.67	83
FLAKT INDIA,10	12/87	3.40	2.85	18.38	49.00	73.75	44.00	4.35		11.26	20.00	4.08	86
FOOD SPECIAL,10	12/87	19.20	20.16	20.50	148.75	155.00	93.75	5.56		26.75	25.00	1.68	86
FORBES FORBES,10	06/87	4.25	4.59	20.80	24.50	35.00	22.00	3.22	-0.19	7.61	18.00	7.35	82
FULFORD,10	12/87	0.80	2.28	77.00	290.00	285.00	50.00	8.75		33.14	22.00	0.76	88
G.E.SHIPPING,10	06/87	67.37	31.07	15.61	29.00	33.75	20.50	0.82	0.78	35.37	12.50	4.31	81
G.K.W.,10	12/86	24.06	20.83	18.66	9.00	10.00	5.50	-1.67	-1.52				83
G.T.C.INDUST,10	06/87	5.00	9.32	28.64	14.00	16.00	12.50	3.94	3.79	3.55	25.00	17.86	72
GABRIEL,10	11/87	2.64	3.33	22.61	18.00	37.00	17.00	1.72	1.67	10.47	18.00	10.00	78
GAMMON INDIA,10	07/87	2.16	13.44	72.22	103.75	134.00	29.00	1.63	5.14	63.65	15.00	1.45	82
GARDEN SILK,10	03/88	12.57	82.28	75.46	70.00	160.00	66.25	11.14	15.86	6.28	30.00	4.29	
GARWARE NYLON,10	08/87	9.72	13.31	23.69	46.00	49.00	20.00	1.15	2.65	40.00	15.00	3.26	83
GARWARE POLY,10	06/87	5.81	19.53	43.61	76.75	88.00	72.00	4.39	6.26	17.48	22.00	2.87	
GARWARE SHIP,10	03/88	3.75	0.03	10.08	16.50	19.00	10.50	-3.57					
GEN ELECTRIC,10	03/88	7.20	18.92	36.28	34.50	43.50	26.00	3.94		8.76	12.00	3.48	
GENELEC,10	03/88	2.16	5.79	36.81	53.00	88.00	43.75	6.48		8.18	14.70	2.77	84
GEORGE WILL,10	06/87	6.30	19.69	41.25	97.80	115.00	90.00	7.57	9.98	12.92	35.00	3.58	86
GERMAN REM,10	12/87	3.26	4.93	25.12	57.00	67.00	30.00	2.85		20.00	10.00	1.75	82
GLINDIA,10	06/88	20.00	30.27	25.14	61.25	73.00	51.50	5.08		12.06	20.00	3.27	80
GODFREY PHILIPS,10	12/86	2.60	3.24	22.46	20.00	20.00	10.00	3.35	2.35	5.97	25.00	12.50	75
GOETZE,10	06/87	6.93	10.22	24.75	39.00	40.00	25.00	4.40		8.86	22.00	5.64	76
GOKAK PATEL,10	06/87	6.52	10.86	53.31	68.00	81.00	60.00	6.96	4.22	9.77	20.00	2.94	87
GOOD NEROLAC,10	06/87	3.24	5.08	25.68	50.00	65.00	45.00	4.16		12.02	20.00	4.00	78
GOODYEAR,10	12/87	7.48	24.67	42.98	65.00	74.00	48.00	11.58		5.61	30.00	4.62	77
GRAMOPHONE,10	09/86	1.81	-16.59	-81.66	4.50	5.87	4.00						
GRASIM,10	03/88	21.59	178.17	92.52	105.00	109.00	81.50	7.11		14.77	27.50	2.62	88
GREAVE COTTON,100	06/87	6.57	18.42	380.37	510.00	475.00	295.00	86.60	80.76	5.89	20.00	3.90	84
GUJ ALKALIES,10	03/88	10.72	22.59	31.07	49.00	55.00	29.00	2.39		20.50	26.00	5.31	87
GUJ AMBUJA	06/88	20.10	4.01	12.00	19.75	20.50	11.00	2.10		9.40	11.00	5.57	
GUJ NARMADA,10	06/87	88.97	95.71	20.76	48.00	49.50	27.00	2.95	2.98	16.27	18.00	3.75	
GUJ STATE FERT,10	12/87	26.95	170.03	73.09	147.00	149.00	75.00	10.11	5.24	14.54	30.00	2.04	87
HARRISON,10	03/88	9.10	15.62	27.16	58.50	58.50	36.00	5.57	3.02	10.50	25.00	4.27	87
HERDILLIA CHEM,10	06/88	7.35	39.68	63.99	60.00	63.75	41.00	7.78	7.35	7.71	25.00	4.17	78
HERO HONDA,10	06/87	15.60	0.84	10.54	19.50	23.50	15.00	-0.20	-0.78				
HIND ALLOY,10	12/87	5.89	2.20	13.74	49.50	70.50	28.75	2.41	2.94	20.54	20.00	4.04	
HIND ALUM,10	12/87	15.89	166.64	114.87	106.00	97.50	72.50	8.81	5.31	12.03	22.50	2.12	88
HIND BROWN,100	04/88	5.47	21.45	492.14	630.00	610.00	265.00	64.17		9.82	23.00	3.70	78
HIND CIBA,100	12/87	17.71	31.79	279.50	535.00	545.00	332.50	38.11	15.47	14.04	20.00	3.70	80
HIND COCOA,10	06/87	8.40	7.47	18.89	96.25	100.00	67.50	5.31	3.65	18.13	30.00	3.12	87
HIND DEVELOP,10	12/87	8.92	82.99	103.04	95.00	107.00	65.00	5.76	6.45	16.49	20.00	2.11	86
HIND DORR-OLIVER,10	11/87	2.38	10.79	55.34	161.25	205.00	95.00	16.43		9.81	37.50	2.33	86
HIND FERODO,10	12/87	5.50	1.19	12.16	19.00	23.00	16.00	1.33		14.29	5.00	2.63	83
HIND LEVER,10	12/87	93.32	90.17	19.66	71.50	81.00	59.50	4.98	2.25	14.36	25.00	3.50	87
HIND MOTOR,10	03/88	26.35	52.67	29.99	27.75	29.00	15.50	-1.02			7.50	2.70	86
HMM,10	04/87	14.18	8.12	15.73	142.50	152.00	121.00	7.58	6.52	18.80	55.00	3.86	87
HOECHST,100	12/87	9.58	25.35	364.61	500.00	610.00	437.00	14.30	3.13	34.97	10.00	2.00	82
HOGANAS,10	10/87	1.15	0.00	10.00	44.00	62.00	34.00		-1.65				
HOTEL LEELA,10	06/88	8.97	-3.39	8.65	14.50	16.00	11.50	-2.43					
HOUSING DEV FIN,100	06/88	20.00	33.00	265.00	165.00	168.00	65.00	65.45		2.52	17.00	10.30	
HYD.ALLWYN,10	07/87	8.10	10.70	23.21	10.50	12.00	7.50	3.68	4.23	2.85	15.00	14.29	

Company Face value	Year Ended	Equity Rs Cr	Re-serves Rs Cr	Book value Rs	Price 9.9.88	1988 High	1988 Low	EPS In Rs Year	EPS In Rs Half-yr	PE Times	Dividend %	Yield %	Bonus Year	Bonus Ratio
CIM,10	12/87	4.18	5.86	24.02	22.50	40.50	23.00	2.34		9.62				
I,10	09/87	40.87	72.49	27.74	39.00	44.00	30.00	1.21	0.94	32.23	12.50	3.21	78	1:3
DIA CEMENT,10	03/88	4.90	46.92	105.76	20.00	22.00	14.50	3.05		6.56	12.00	6.00	70	2:5
DIA GYPSUM,10	04/87	4.50	0.00	10.00	11.50	16.00	9.50							
DIA POLYFIBRES,10	12/87	29.75	-2.73	9.08	5.00	8.50	4.24							
DIA STEAMSHIP,10	03/88	4.95	-65.15	-121.62	6.00	7.40	4.15	-16.87					75	1.1
DIAN ALUM,10	12/87	41.16	49.09	21.93	31.00	34.00	24.00	0.90	1.21	34.44	14.00	4.52	77	2:5
DIAN DYESTUFF 100	03/88	7.50	35.98	579.73	190.00	282.50	177.50	818.00	10.62	0.23	15.00	7.90	80	1:4
DIAN HOTEL,10	03/88	9.92	42.12	52.46	110.00	120.00	95.00	6.81		16.15	30.00	2.73	82	2:5
DIAN ORGANIC,10	03/88	18.40	17.03	19.44	32.50	33.50	15.00	-6.16					85	1:2
DIAN OXYGEN,10	09/87	14.60	29.94	30.51	34.00	33.75	29.00	2.16		15.74	16.00	4.71	85	1:3
DIAN RAYON,10	06/88	16.14	160.90	109.69	65.75	73.00	46.00	3.09		21.28	28.00	4.26	80	1:4
DIAN SEAMLESS,10	12/87	2.21	4.01	28.14	82.00	77.00	47.00	9.50	5.88	8.63	18.00	2.20		
DOGULF FERT,10	03/88	165.00	0.00	10.00	13.50	15.00	10.50							
DROL,10	06/88	5.09	11.53	32.65	200.00	227.50	135.00	8.74		22.88	20.00	1.00	86	1:1
DU NISSAN,10	12/87	6.00	1.21	12.02	19.75	25.00	18.00	5.57		3.55	10.00	5.06		
GERSOLL,10	12/87	7.89	21.32	37.02	275.00	332.50	212.50	10.99	4.58	25.02	30.00	1.09	86	1:1
ON EXCHANGE,10	04/88	3.46	7.20	30.81	67.50	56.25	38.75	4.28		15.77	20.00	2.96	88	4:5
PITATA,10	06/87	12.00	0.83	10.69	9.50	15.00	8.75	2.44		3.89				
TC,10	06/88	33.17	147.15	54.36	45.50	47.00	30.00	7.47		6.09	35.00	7.69	81	1:5
B.CHEMICAL,10	06/87	3.00	2.08	16.93	27.00	32.00	21.00	3.20	1.83	8.44	18.00	6.67		
K.INDUST,10	06/87	13.76	3.09	12.25	33.00	38.00	25.00	2.45		13.47	15.00	4.55	67	1:1
K.SYNTHETIC,10	03/88	27.25	207.02	85.97	71.75	75.00	45.50	3.06		23.45	20.00	2.79	83	1:3
AYANT VITAMIN,10	06/87	3.87	3.86	19.97	34.00	48.00	24.50	1.94	1.40	17.53	21.00	6.18	87	2:5
ALYANI BRAKES,10	06/87	3.90	-5.35	-3.72	20.50	25.50	14.50	-4.72	1.02					
ALYANI STEEL,10	08/87	1.13	8.76	87.52	310.00	350.00	250.00	31.24	14.34	9.92	50.00	1.61		
ELVINATOR,10	06/87	3.55	19.61	65.24	76.00	78.00	36.00	6.87	10.53	11.06	15.00	1.97	84	1:1
ESORAM,10	03/88	8.85	52.23	69.02	51.00	49.00	32.50	3.41		14.96	23.50	4.61	79	1:2
HODAY DIST,10	06/87	6.00	8.88	24.80	40.00	56.00	33.00	3.08	2.99	12.99	20.00	5.00		
INETIC ENGG,10	06/87	1.20	14.87	133.92	242.50	270.00	161.25	20.08	22.13	12.08	30.00	1.24	83	1:1
INETIC HONDA,10	01/88	9.99	2.63	12.63	22.00	35.50	16.75	-5.89						
IRL CUMMINS,10	09/87	27.10	37.16	23.71	75.00	75.00	48.00	3.71	1.28	20.22	20.00	2.67	86	1:1
IRL PNEUMATIC,10	09/87	3.85	3.36	18.73	34.00	36.00	15.00	1.84	1.30	18.48	12.50	3.68		
IRLOSKAR OIL,10	06/87	6.71	11.55	27.21	18.25	20.00	12.00	-2.23	-5.28				76	3:7
LOCKNER WIND,10	12/87	4.50	3.27	17.27	90.00	120.00	81.25	4.38	2.93	20.55	21.00	2.33	88	1:2
SB PUMPS,10	12/87	4.35	11.98	37.54	285.00	398.25	220.00	12.34	6.28	23.10	20.00	0.70	86	1:1
AKME,10	06/87	1.83	5.81	41.75	82.50	95.00	61.25	5.96	4.52	13.84	25.00	3.03	86	2:5
ARSEN TOUBRO,10	09/87	56.37	235.96	56.23	123.50	127.00	75.50	4.90	2.18	25.20	20.00	1.62	86	3:5
IPTON,10	06/88	15.75	8.19	15.20	67.00	67.00	52.00	4.57	4.99	14.66	22.00	3.28		
LOYD STEEL,10	03/87	3.38	4.13	22.22	22.00	25.00	17.00	4.73	4.48	4.65	21.00	9.55		
ML 10	10/87	21.05	8.64	14.10	11.62	19.50	9.00	-2.88					80	4:5
MACNEIL MAGOR,10	06/86	2.74	41.38	161.02	45.00	47.75	43.75	2.33		19.31	7.00	1.56		
MADRAS CEMENT,100	12/87	3.02	18.65	717.55	700.00	730.00	315.00	-153.31	-79.47					
MADURA COATES,10	06/88	21.96	92.32	52.04	75.00	75.00	60.00	6.16		12.18	25.00	3.33	86	1:2
MAFATLAL FINE 100	03/88	14.48	24.38	268.37	143.75	175.00	140.00	6.00		23.96	16.00	11.10	80	1:3
MAFATLAL IND,100	03/88	16.20	52.98	427.04	205.00	250.00	200.00	14.38	12.22	14.26	20.00	9.80	78	1:5
MAHIN & MAHIN,10	10/87	19.26	102.06	62.99	65.00	66.50	48.50	5.48	2.33	11.86	22.00	3.38	84	2:3
MAHINDRA UGINE,10	06/87	7.30	17.76	34.33	68.00	75.00	48.00	6.63		10.26	20.00	2.94		
MANGALAM CEM,10	12/87	7.11	11.31	25.91	23.00	24.50	13.00	2.81	1.70	8.19	15.00	6.52		
MANGALORE CHEM,10	12/86	12.45	13.87	21.14	25.00	34.00	15.25	4.53		5.52	12.00	4.80		
MATHER PLATT,10	06/88	10.24	6.57	16.42	55.00	108.00	43.75	3.60		15.28	25.00	4.55	87	3:5
MAX INDIA,10	09/87	2.79	0.94	13.37	39.50	43.00	30.00	4.30	1.76	9.19	18.00	4.56		
MAY & BAKER,10	12/87	4.50	7.18	25.96	48.00	52.00	34.00	3.09	1.24	15.53	10.00	2.08		
MAZDA INDUST,10	06/87	4.32	2.32	15.37	14.00	18.50	13.50	4.54	2.22	3.08	25.00	17.86		
MCDOWELL 10	06/87	7.74	33.05	52.70	83.00	95.00	72.50	9.03	11.34	9.19	15.00	1.81	86	1:1
MCLEOD RUSSEL,10	06/87	6.25	17.13	37.41	92.50	130.00	86.25	8.06	5.20	11.48	45.00	4.86	87	1:1
METAL BOX 10	03/87	14.68	-12.54	1.46	4.60	5.50	4.24	-3.96	-5.01				67	1:2
MILES INDIA,10	12/87	0.64	0.91	24.22	137.50	137.50	52.00	9.84	4.84	13.97	30.00	2.18	87	3:5
MILKFOOD 10	12/87	1.14	4.49	49.39	205.00	207.50	75.00	8.95	24.82	22.91	25.00	1.22	87	1:1
MODI INDUSTRIES,10	09/86	2.17	12.66	68.34	42.00	85.00	37.00	-11.94			12.00	2.86	69	1:5
MODI RUBBER 10	04/87	10.38	29.36	38.29	59.00	61.00	43.00	4.13	3.96	14.29	25.00	4.24	84	2:5
MODI XEROX 10	04/87	12.46	-4.90	6.07	36.50	36.00	21.50	1.16	0.07	31.47				
MOTOR INDUST 100	12/87	38.05	46.32	221.73	620.00	630.00	447.50	29.38	14.48	21.10	12.00	1.90	86	1:1
MRF 10	09/87	3.86	23.30	70.36	210.00	216.00	127.00	26.14		8.03	40.00	1.90	75	1:2
MUKAND IRON 10	06/88	9.82	73.71	85.06	89.50	97.00	73.50	12.13		7.38	23.00	2.57	88	1.2
MYSORE CEMENT 10	06/87	11.48	19.23	26.75	26.00	27.00	18.00	1.12	0.48	23.21	17.50	6.73	85	2.5
NAGAR FINANCE 10	09/87	2.44	2.70	21.07	12.00	13.00	10.75	5.49	0.37	2.19	23.00	19.17		
NATION PEROXIDE 100	03/88	2.30	9.02	142.03	1200.00	1280.00	820.00	77.83		15.42	30.00	2.50		
NATIONAL RADIO 100	12/87	6.62	2.77	141.84	105.00	120.00	97.50	10.57		9.93				
NIRLON,10	09/87	15.76	25.34	-6.08	9.50	14.75	5.00		-0.12				82	1:2
NOCIL,100	12/87	36.00	55.62	254.50	665.00	694.00	390.00	48.22	32.64	13.79	20.00	3.01	86	1:2
ORISSA CEMENT,10	12/87	5.40	31.50	68.33	33.00	34.00	29.25	7.28		4.53	20.00	6.06	87	1:1
ORKAY,10	09/87	41.29	57.09	23.83	26.75	51.00	17.00	1.90	2.63	14.08	20.00	7.48		
OSWAL AGRO,10	06/87	28.52	81.67	38.64	82.00	131.00	57.00	2.82		29.08	50.00	6.10	87	3:5
OSWAL FURANE,10	03/88	18.00	0.00	10.00	38.00	44.50	22.25							

Company Face value	Year Ended	Equity Rs Cr	Re-serves Rs Cr	Book value Rs	Price 9.9.88	1988 High	1988 Low	EPS In Rs Year	EPS In Rs Half-yr	PE Times	Dividend %	Yield %	Bonus Year	Bonus Ratio
OTIS ELEVATORS,10	11/87	5.04	9.62	29.09	175.00	215.00	161.25	7.58	2.58	23.09	25.00	1.43	85	1:1
PARKE DAVIS,10	11/86	3.36	3.79	21.28	38.00	41.00	31.00	1.93	0.24	19.69	25.00	6.58	78	3:5
PEICO,10	12/87	33.32	53.59	26.08	30.00	36.00	21.50	1.21		24.79	10.00	3.33	82	1:5
PFIZER,10	11/87	11.72	15.65	23.35	59.50	79.50	50.00	0.27	0.44	220.37	10.00	1.68	77	4:5
POLYCHEM,10	03/88	4.10	9.92	38.94	76.00	81.00	55.00	13.25	13.11	5.74			86	1:2
POLYOLEFINS,100	12/87	19.30	24.65	227.72	790.00	743.00	515.00	53.01	45.13	14.90	28.00	3.50	88	1:2
PONDS,10	06/87	6.68	11.38	27.04	162.50	176.25	127.50	5.40	3.80	30.09	40.00	2.46	87	1:1
PREMIER AUTO,10	06/87	16.20	99.11	71.18	29.50	39.50	23.00	5.33	6.50	5.53	18.00	6.10	86	1:1
PROCTER & GAM,10	06/87	3.71	6.50	27.52	297.50	304.00	257.50	10.21	7.28	29.14	45.00	1.51	85	1:2
PSI DATA,10	09/87	1.38	0.65	14.71	14.00	25.50	10.25	1.80		7.78	17.00	12.14		
RALLIS,10	05/87	9.52	26.54	37.88	95.00	95.00	60.00	6.13	3.17	15.50	30.00	3.16	77	3:1
RANBAXY,10	12/87	5.22	12.72	34.37	70.00	88.00	68.00	5.23	2.59	13.38	20.00	2.86	88	2:5
RAYMONDS,10	03/88	24.97	50.11	30.07	57.75	53.00	41.50	3.41		16.94	25.00	4.33	87	1:1
RECKITT COLMAN,10	12/87	4.20	13.60	42.38	230.00	222.50	177.50	12.74	7.62	18.05	30.00	1.30	88	1:1
REGENCY CERAMIC,10	04/87	3.97	-1.29	6.75	13.00	22.50	12.25	-3.88	-2.70					
RELIANCE,10	12/86	158.26	873.55	65.20	189.00	231.00	69.00	0.90	1.28	210.00	25.00	1.32	83	3:5
REMINGTON,10	03/88	2.67	4.34	26.25	29.50	29.50	24.75	4.08	2.58	7.23	20.00	6.78	86	1:2
REVATHI C.P,10	06/88	1.60	2.94	28.38	85.00	92.50	51.50	8.56		9.93	20.00	2.35	87	1:1
ROCHE PRODUCTS,10	12/87	4.81	5.38	21.19	48.00	53.00	34.00	2.33	1.41	20.60	14.00	2.92	80	1:3
ROSS MURARKA,10	06/87	3.74	3.29	18.80	14.00	16.00	10.50	4.65	3.42	3.01	26.00	18.57		
S.I.VISCOSE,100	03/88	11.03	13.08	218.59	380.00	390.00	215.00	74.04		5.13	25.00	6.60	87	1:2
SAMTEL,10	12/87	2.74	7.92	38.91	56.25	57.50	33.25	6.27		8.97	25.00	4.44	88	1:3
SANDOZ,10	12/87	5.30	19.68	47.13	67.50	80.00	59.00	2.96		22.80	16.00	2.37	84	2:7
SANDVIK ASIA,100	12/87	5.78	7.54	230.45	605.00	740.00	575.00	23.62	10.73	25.61	20.00	3.30	84	1:1
SCINDIA,20	06/87	18.95	-89.23	-74.17	3.50	5.50	1.76	-28.80					77	2:5
SEARLE,10	12/87	3.48	14.57	51.87	160.00	172.50	93.00	8.02	1.24	19.95	20.00	1.25	86	1:1
SESA GOA,10	03/87	5.15	9.42	28.29	24.00	30.00	16.00	7.05	-4.49	3.40	18.00	7.50	86	2:5
SHAW WALLACE,10	06/87	5.96	47.69	90.02	55.50	60.25	52.00	14.11	7.33	3.93	35.00	6.31	87	1:1
SHRI RAM FIBRES,10	09/87	10.33	22.69	31.97	48.00	60.00	34.50	2.70		17.78	20.00	4.17	82	1.2
SIEMENS,10	09/87	20.77	33.08	25.93	81.00	84.00	56.50	3.84	2.18	21.09	16.00	1.98	86	1:4
SILTAP CHEMICAL,10	03/88	1.80	-0.76	10.00	60.00	80.00	47.50	-4.22						
SIPTA COATED,10	10/87	9.42	1.84	11.95	16.50	23.00	16.00	3.08	2.65	5.36	15.00	9.09		
SKF BEARINGS,100	12/87	12.35	30.44	346.48	1555.00	1575.00	1058.00	87.77	68.08	17.72	22.00	1.40	86	2:5
SOUTHERN PETRO,10	12/87	34.00	267.86	88.78	45.00	60.00	22.75	1.49	-7.21	30.20	15.00	3.33	86	1:1
SPARTEK,10	06/87	2.85	3.12	20.95	73.00	103.00	58.00	9.51	5.02	7.68	20.00	2.74		
SPECIAL STEEL,100	12/87	7.59	10.79	242.16	650.00	735.00	575.00	104.74	67.33	6.21	15.00	2.30	73	1:1
STANDARD MILLS,100	03/88	11.06	35.92	424.77	250.00	300.00	190.00	31.61		7.91	16.00	6.40	82	2:5
STANDARD MOTOR,10	12/86	2.32	3.98	27.16	11.85	11.85	7.50	-18.15					85	1:1
STRAW PRODUCTS,10	12/87	10.14	73.61	82.59	41.00	45.00	29.50	3.99	1.29	10.28	20.00	4.88	72	1:2
SU-RAJ DIAMOND,10	04/87	4.77	0.75	11.57	31.00	33.50	15.00	2.70	5.49	11.48	10.00	3.23		
SUND CLAYTON,10	05/87	5.69	23.99	52.16	38.00	38.50	29.25	9.94		3.82	40.00	10.53	87	2.3
SUND FASTENERS,10	03/88	3.19	11.70	46.68	66.50	70.00	53.75	7.43		8.95	25.00	3.76	88	3:5
SUND FINANCE,10	03/88	6.00	11.46	29.10	39.00	39.00	25.50	7.77		5.02	20.00	5.13	86	1:1
SUPREME INDUST,10	06/87	1.80	3.70	30.56	172.50	205.00	137.50	10.11	5.67	17.06	36.00	2.09	87	1:1
SWAD POLYTEX,10	09/86	3.90	36.01	102.33	31.00	42.00	21.50	8.51	14.41	3.64	30.00	9.68		
SYNTH & CHEM,10	03/87	5.81	3.75	16.45	33.00	34.00	28.50	1.41	2.60	23.40	10.00	3.03		
TATA CHEMICALS,10	03/88	37.18	150.35	50.44	77.00	81.00	56.00	7.32		10.52	30.00	3.90	85	2:5
TATA LOCO,100	03/88	90.97	212.99	334.13	717.50	732.50	340.00	45.00	15.09	15.94	23.00	3.20	82	2:5
TATA OIL,25	03/88	9.26	19.78	78.49	62.00	87.00	55.00	4.20	4.31	14.76	15.00	6.05	81	1:5
TATA POWER,100	03/88	21.22	68.24	421.60	222.50	285.00	175.00	89.11	111.31	2.50	16.00	7.20	75	1:5
TATA PRESS,10	03/88	1.57	5.86	47.32	43.00	53.75	33.00	4.46	2.14	9.64	18.00	4.19		
TATA STEEL,100	03/87	136.01	476.33	450.22	887.50	907.50	568.75	67.76	61.71	13.10	25.00	2.80	86	2:5
TATA TEA,10	12/87	12.21	54.82	54.90	123.50	145.00	105.00	8.89	2.09	13.89	45.00	3.64	79	1:3
TATA UNISYS,10	12/87	4.38	3.62	18.26	82.50	82.50	60.00	3.54	2.17	23.31	22.00	2.67	87	2:5
TEXMACO,10	12/86	1.87	11.06	69.14	26.00	24.00	17.00	-208.56						
TINPLATE,10	03/88	10.14	8.26	18.15	18.00	22.00	15.50	2.83		6.36	10.00	5.56		
TUBE INVESTMENT,10	12/87	5.73	28.62	59.95	28.00	28.00	22.00	7.05		3.97	20.00	7.14	85	1:3
TUTICO ALKALIES,10	12/87	12.94	-2.63	7.97	13.50	20.00	11.00		-1.28					
TVS SUZUKI,10	02/88	23.10	-8.59	6.28	11.50	16.50	8.50							
TWENT.CENT,10	03/88	6.34	12.26	29.34	24.50	27.00	17.00	5.91	5.33	4.15	36.00	14.69	88	2:5
UNION CARBIDE,10	12/87	32.58	38.04	21.68	17.90	15.20	10.00	1.08		16.57	12.00	6.70	80	1:2
UNIT BREWERIES,10	06/87	4.00	9.53	33.82	38.00	40.75	36.50	5.40		7.04	15.00	3.95	86	1:1
UNIT PHOSPHORUS,10	12/87	2.80	2.66	19.50	35.00	52.00	32.50	0.43	-1.11	81.40	10.00	2.86		
UPCOM CABLES,10	12/87	5.92	0.04	10.07	34.25	39.50	21.75	0.07	0.88	489.29				
VAM ORGANIC,10	04/87	5.16	11.72	32.71	91.00	103.00	78.00	6.76	10.88	13.46	25.00	2.75		
VARELI,10	03/88	7.29	13.49	28.50	38.75	62.50	29.50	5.65	6.79	6.86	22.00	5.68		
VIDEOCON,10	07/86	2.75	0.29	11.05	22.00	31.00	18.87	0.91		24.18				
VINDHYA TELE,10	03/88	3.90	3.34	18.56	87.00	104.00	68.00	11.26		7.73	20.00	2.30		
VOLTAS,100	08/87	12.78	24.40	290.92	352.50	352.50	230.00	53.51	18.31	6.59	16.00	4.54	81	1:4
VST INDUSTRIES,10	09/87	6.03	12.00	29.90	23.00	30.50	19.00	4.64	2.32	4.96	29.00	12.61	[illegible]	3:5
WAL NAGAR 100	09/87	3.00	35.39	127.97	7.00	12.00	7.00	1.13	[illegible]	6.19			82	1:2
WARREN TEA,10	03/88	3.90	11.49	39.46	59.00	65.00	50.50	8.87		6.65	30.00	5.08	86	1:5
WIMCO,10	12/87	8.45	9.56	21.31	18.50	24.00	11.00	-5.79	-4.64				[illegible]	[illegible]
ZENITH 10	06/87	9.15	13.04	30.31	56.00	57.00	36.00	2.47	3.54	[illegible]	30.00	5.36	[illegible]	[illegible]
ZF STEERING,10	06/87	2.25	0.06	10.27	56.00	61.00	30.00	[illegible]	1.96	52.34				
ZUARI,10	12/87	12.43	49.38	49.73	61.00	67.00	34.00	3.50	0.28	17.43	25.00	[illegible]		

Note: EPS: This represents the earnings after tax for the full year divided by the number of shares outstanding. EPS half-year: after-tax earnings per shares for six months taking into account announced half yearly profits. PE: ratio of market price to after-tax earnings per share. Yield: dividend as a percentage of market price.

What determines P/Es?

An investor in quoted shares hopes for two types of return: a regular dividend paid by the company and an appreciation in share price in the stockmarket. The price appreciation in a successful investment will usually outweigh the dividends received, although both capital gains and dividend earnings will tend to move together. But what determines these returns?

Most investors would point to the earnings of a company as playing an important role. While the connection between dividends and earnings is obvious because dividends must ultimately come from earnings, the link between share price gains and earnings is often seen as tenuous.

An important role in the determination of the price earnings ratio of a share is undoubtedly played by the expected rate of growth of earnings. This would explain why the share price of ACC, a company in the cement industry — which is on the rebound this year, can be traded at Rs.250 even though its most recent announced earnings per share was less than a rupee, or why a company with improved half-yearly earnings like Larsen & Toubro trades at 20 times earnings even though its earnings growth has been negative over the past two years.

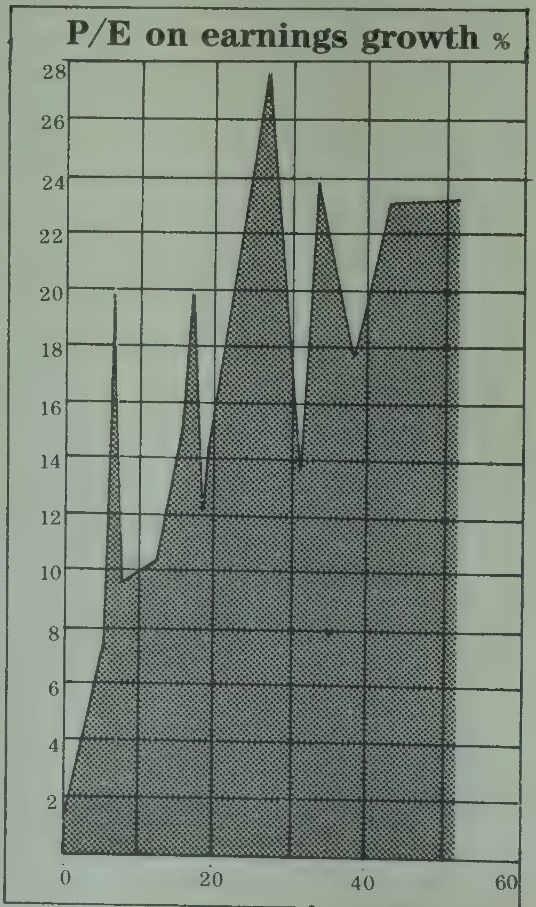
What follows is a selection of data for 50 companies, wherein we have presented their current price-earnings ratios, dividend rates and an average of three years of rates of growth of earnings after tax. While the figures themselves show no obvious trend, we have selected 16 of these (marked with a '*' in the table) for a graphical illustration.

As the graph shows, there is some positive relation between rate of earnings growth and price earnings multiples. This is what would be expected. To the extent that past earnings growth is a proxy for future earnings growth, it makes sense for the market to pay more for companies that are growing faster. Ultimately, the faster earnings growth is likely to be reflected in higher dividends and bonuses.

Thus, we have companies like Colgate with an average earning growth of 52% trading at the relatively high P/E of almost 23. At the other end of the spectrum are companies like Genelec which trade at 7 times earnings because earnings have grown at an average of only 5.5%

Even if past earnings growth was a perfect proxy for future earnings (which it is not), there would still not be a perfect "straight-line" relationship between P/Es and earnings growth. There are several other factors which count. One is the company's dividend payout policy. One of the reasons why Colgate has such a high P/E is the company's generous dividend policy. Being both foreign owned (to the extent of 40%) as well as foreign managed, the company's managers have a strong incentive to maximise earnings and payout since its foreign shareholders receive returns only from the dividends paid out. This managerial incentive is in contrast to a possible conflict of interest for domestic companies wherein shareholder-managers can receive returns from attractive compensation and perquisites as well as from the capital gains of their shareholdings. Unfortunately for public shareholders, the higher the managerial compensation, the lower the leftovers for shareholders. Not surprisingly, then, companies with large foreign ownings often tend to be favoured by the market and have high P/Es.

Hence, investment strategies such as picking stocks that have low P/Es are unlikely to be successful without an an ysis of expected earnings growth; on t other hand, if an investor buys a sto with a high P/E and a high historical ra of growth, he may well be on safer groun



What determines share prices

Company	Dividends	Average rate growth	P/
ALFA LAVAL*	18	1.115	10.
ANDHRA VALLEY*	16	1.004	1.
ASHOK LEYLAND	18	1.096	12.
ASSAM FRONTIER	50	1.194	9.
AVERY INDIA	35	1.799	12.
BASF	20	1.198	12.
BATA INDIA	15	1.061	16.
BAYER INDIA	16	1.304	13.
BLUE STAR	18	1.199	5.
BOOTS*	18	1.384	17.
BRITANNIA	24	1.389	10.
BROOKE BOND*	30	1.152	15.1
CEAT TYRES	25	3.082	4.7
CENTURY ENKA	38	1.095	13.
CHLORIDE	31	1.198	14
CITURGIA	35	1.072	8.2
COLGATE*	50	1.521	22.9
C.P. TOOLS	18	1.323	7.1
DUNLOP	30	1.666	6.5
ENGLISH ELECTRIC	15	1.036	11.2
ESKAYEF	25	1.379	15.2
FGP	16	1.16	6.8
FICOM ORGANIC	30	1.806	10.1
FINOLEX	40	2.793	9.8
FLAKT	20	1.283	10.5
FULFORD*	22	1.272	27.4
GENELEC*	25	1.055	
GLINDIA	20	1.16	1
GRASIM	27.5	1.56	14.5
GUJ FERTILISER	30	1.651	14.5
HIND BROWN	23	1.3	9.8
HIND COCOA	30	1.438	18.1
HIND LEVER*	22.5	1.306	13.6
HMM	55	1.727	16.6
INDIAN RAYON	28	1.023	21.
INDROL*	20	1.42	22.
INGERSOLL*	30	1.3259	23.6
ION EXCHANGE	20	1.64	15.7
LARSEN & TOUBRO*	20	1.062	19.5
MATHER PLATT	25	1.053	15.
MICO*	12	1.171	19.5
MUKAND IRON	23	1.54	7.3
NOCIL	20	1.076	10.6
PONDS	40	1.124	26.6
PROCTER & GAMBEL*	45	1.525	26.9
REVATHI C.P.	20	1.27	1
SIEMENS	16	1.105	19.1
SKF BEARINGS	22	1.322	15.7
SUPREME IND	36	1.346	1
TATA CHEMICAL	30	1.128	9.9
TATA POWER	16	0.991	2.4
TATA PRESS*	18	1.064	9.6
TATA STEEL	25	0.98	13.1
VOLTAS	16	1.41	6.3

* Graph based on data of these companies

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Company fixed deposits (current for September 1988)

Name of the Company	Minimum amount	Rate of Interest 1 year	2 year	3 year
ACC	3000	12.00	13.00	14.00
ASIAN PAINTS	5000	14.00	14.00	14.00
ASHOK LEYLAND	2000	—	13.50	14.00
ASEA	3000	12.00	13.00	14.00
APOLLO TYRES	5000	13.00	13.50	14.00
BAJAJ TEMPO	3000	12.00	13.00	14.00
BALLARPUR IND.	2500	—	—	14.00
BAYER	5000	11.00	13.00	14.00
BHADRA PAPER	3000	—	—	14.00
CEAT TYRES	3000	—	12.50	14.00
CHEM & PLAST	2000	14.00	14.00	14.00
CANBANK FIN.	5000	11.00	—	12.00
DCM LTD	5000	12.00	13.00	14.00
DUNLOP	3000	14.00	14.00	14.00
DCW LTD	3000	12.50	13.50	14.00
DCL FINANCE	5000	14.00	14.00	14.00
E I HOTELS	1000	14.00	14.00	14.00
E MERCK	3000	—	—	14.00
EMPIRE FINANCE	1000	14.00	14.00	14.00
EID PARRY	3000	—	13.00	14.00
ENF FIN	2000	14.00	14.00	14.00
ENN FOUND	2000	—	13.75	14.00
FOOD SPECIAL	5000	—	—	14.00
FIRST LEASING	2000	14.00	14.00	14.00
GKW	2000	—	—	14.00
GUJARAT AMBUJA	3000	—	13.50	14.00
GERMAN REME	5000	—	—	14.00
GSFC	3000	10.50	11.50	13.50
GREAVES FOSECO	2000	—	—	14.00
HICO PRODUCTS	4000	13.50	14.00	14.00
HIND B B	1000	—	—	14.00
HIND SUGAR	2000	—	13.00	14.00
HOTEL LEELA	2000	14.00	14.00	14.00
ICIM	3000	14.00	14.00	1400
INDIA CEMENTS	3000	13.00	14.00	14.00
INDIA EQPMNT	5000	—	13.00	14.00
IND CREDIT	1000	13.50	14.00	14.00
INDIAN OIL	2000	10.50	11.50	13.00
JAGATJIT INDUS	3000	13.00	14.00	14.00
KIR. CUMMINS	3000	12.00	13.00	13.00
L&T	3000	11.00	12.50	14.00
MAHINDRA UGINE	3000	—	—	14.00
M & M	2000	11.00	13.00	14.00
MADRAS MOTOR	1000	14.00	14.00	14.00
MET CHEM	2000	—	—	14.00
MAD REFIN	1000	10.50	11.50	13.00
MRF LTD	1000	12.50	13.50	14.00
MADRAS CEMENT	1000	12.00	13.00	14.00
NAG FIN	1000	14.00	14.00	14.00
NELCO	2000	—	—	14.00
PEICO	3000	—	—	14.00
POND'S	3000	—	14.00	14.00
POLYCHEM	2000	13.00	13.50	14.00
POLYOLEFINS	2000	12.50	13.50	14.00
PREMIER AUTO	3000	12.00	13.00	14.00
PREMIER CONSTN.	3000	—	14.00	14.00
RAY WOOL	2500	14.00	14.00	14.00
RAVALGAON	3000	—	13.00	14.00
SANDOZ	5000	14.00	14.00	14.00
SIEMENS	5000	14.00	14.00	14.00
SUND FIN	3000	12.00	13.50	14.00
SPIC	3000	—	13.50	14.00
SAIL	2000	10.50	11.50	13.00
STRAW PRO	3000	13.00	13.50	14.00
SKF INDIA	5000	—	—	14.00
SIYARAM SILKS	5000	—	—	14.00
SUND FAST	3000	—	—	14.00
SAFE LTD	2000	14.00	14.00	14.00
TATA TEA	3000	—	—	—
TATA PRESS	3000	12.00	13.00	14.00
TATA CHEMICALS	3000	—	—	14.00
UPTRON	3000	—	13.50	14.00
VOLTAS LTD	1000	9.50	10.50	13.50
VIJAYA LEASING	1000	14.00	14.00	14.00
WESTERN INDIA	2000	14.00	14.00	13.50
W.S. INDUSTRIES	2000	13.50	14.00	14.00
ZENITH LTD	3000	—	13.50	14.00

Cumulative deposit schemes (current for September 1988)

Name of the Company	Minimum deposit	Maturity amount	Period (years)	Annual Compound rate of interest (%)
1	2	3	4	5
ASHOK LEYLAND	2000	3025	3	14.79
ACC	3000	4503	3	14.50
APOLLO TUBES	2000	3022	3	14.75
ASEA	3000	4533	3	14.93
APOLLO TYRES	3000	4533	3	14.93
BHADRA PAPER	3000	4551	3	14.50
BATA	3000	4503	3	14.90
BAJAJ TEMPO	3000	4502	3	14.49
CANBANK FIN.	5000	7092.50	3	13.80
DUNLOP	3000	4535	3	14.75
DCW LTD	3000	4533	3	14.93
DCL FINANCE	1000	1518	3	14.93
E I HOTELS	1000	1508	3	14.67
EID PARRY	3000	4533	3	14.75
ENF FIN	1000	1518	3	14.93
ENN FOUND	2000	3025	3	14.79
FOOD SPECIAL	5000	7500	3	14.47
GOODYEAR	3000	4502	3	14.49
GNFC	3000	4503	3	14.50
GUJARAT AMBUJA	3000	4555	3	14.80
HOTEL LEELA	2000	3035	3	14.89
INDIA EQPMNT	5000	7575	3	14.90
IND CREDIT	1000	1518	3	14.93
INDIAN OIL	2000	2930	3	13.75
KIRL CUMMINS	3000	4533	3	14.75
KREST DEVLPT	1000	1518	3	14.93
KELVINATOR	2000	3000	3	13.93
L&T	3000	4468	3	14.30
MADRAS MOTOR	1000	1518	3	14.93
MJ PHARMA	3000	4533	3	14.73
MAD REFIN	2000	2956	3	13.91
MAD CEM	1000	1511	3	14.74
NAMDANG TEA	4000	6044	3	14.75
NELCO	2000	3022	3	14.76
PREMIER CONSTN.	3000	4533	3	14.73
PANYAM CEMENT	2000	3036	3	14.93
PEICO	3000	4502	3	14.49
PHILLIPS CARBON	1000	1511	3	14.74
ROLLATAINERS	2000	3001	3	14.48
RAVALGAON	3000	4533	3	14.73
S&S BUSHINGS	1000	1518	3	14.93
SPIC	3000	4530	3	14.73
SAIL	2000	2950	3	14.47
SIYARAM SILKS	3000	4533	3	14.75
STRAW PRODUCTS	3000	4500	3	14.47
SAKTHI FINANCE	1000	1518	3	14.93
S I VISCOSE	2000	3022	3	14.73
SOUTH ASB CEM	1000	1510	3	14.74
SAE INDIA	2000	3022	3	14.75
SIYARAM SILKS	3000	4533	3	14.73
SUND FAST	3000	4544	3	14.80
SAFE LTD	2000	3030	3	14.90
UPTRON	3000	4533	3	14.75
WEST INDIA LTD	1000	1518	3	14.93
WS INDUSTRIES	2000	3022	3	14.75
ZUARI	2000	3023	3	14.76

Note: The list given above is a selection of many companies which accept deposits from their shareholders or from the public. Companies offer a somewhat lower rate compared to many quite sound private limited companies or partnerships. Readers are advised to take suitable professional advice.

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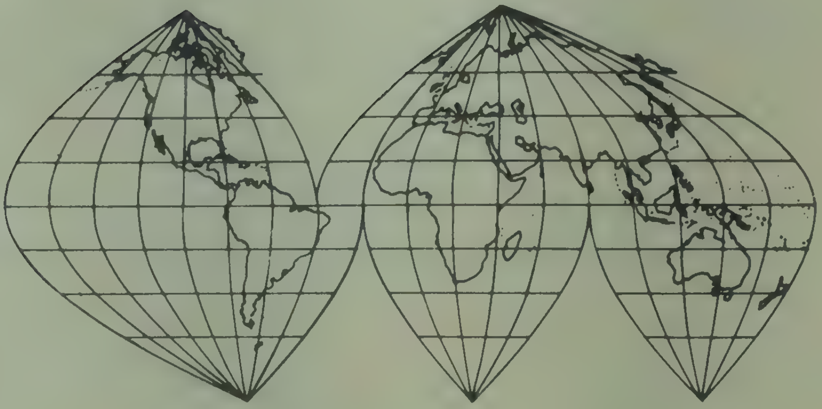

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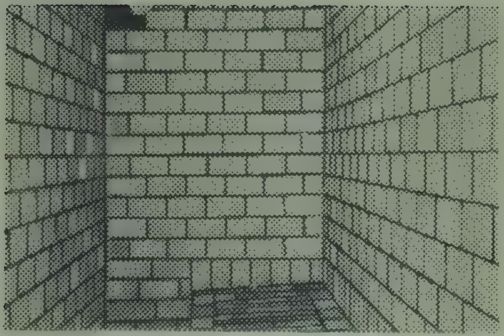

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No winners

We have no winners for Investor Contest 272. There were marginal fluctuations in the prices of the six scrips in the contest. Bajaj Auto moved from 250 to 255, GNFC from 48 to 48.25 and L&T declined from 104 to 101. In contrast contestants had predicted a sharp increase in prices of all the scrips. During the last fortnight share prices have once again lared up on Dalal Street. Whether contestants have accurately gauged the market mood will be known in the next issue.

How to enter

On the entry form given below are listed six popular scrips. All you have to do is to use your skills to predict the prices of each of these share as on 14 October 1988, and send in your entry by 4 October 1988. The winner in accordance with the rules printed below, will get a prize of Rs.5,000. In the event there is no winner, the prize will not be carried over.

Every issue of **Business India** will contain a new contest. The entry which has all six correct answers will receive a prize of Rs.5,000. If no such entry is received, the entry which has 5 out of 6 correct answers will receive the prize. In the event of there being more than one winner, the prize will be shared equally. We repeat, if there are no winners, the prize money will not be carried forward.

Rules:

1 There is no entry fee.

2 The list has been selected on the basis of what we consider are actively traded and interesting scrips on Indian stockmarkets.

3 The price mentioned last in the official quotation list of the stock exchange (if there is a series of such prices against the name of the share) will be taken as the correct answer. The official list of the particular stock exchange, which will be referred to, is given against the name of each scrip. If for some reason the stockmarket is either closed on 14 October 1988, or there are no transactions for the six scrips chosen below, then the quotations for the nearest working day prior to 14 October 1988, will be used.

4 Variation from the correct answers are permitted within a range that is specified against the scrip.

5 Entries must be on the printed form given below. Any other entries will be disqualified.

6 Only one entry will be permitted per form.

7 Envelopes sent in should be marked Investor Contest. All entries must be received at **Business India,** Wadia Building, 17/19 Dalal Street, Bombay 400 001, by 5 pm, Tuesday, 4 October 1988.

8 **Business India** is not responsible for non-receipt of entries.

9 **Business India's** decision on the winning entries will be final and binding, and no correspondence in this regard will be entertained.

10 The contest is open to residents of India only. No employee (or any direct relation of any employee) of the **Business India** group of publications is entitled to enter the contest.

Name of scrip	Stockmarket official list to be used for comparing results	Prices as on Friday, 9 September 1988 (Rs)	Variations permitted from correct prices upto (Rs)	Prices as on Friday, 14 October 1988 (Please fill) (Rs)
ACC	Bombay	256.00	2.00	
Colgate	Bombay	260.00	2.00	
Glindia	Bombay	61.25	1.00	
L&T	Bombay	123.50	1.50	
Tata Tea	Bombay	123.50	1.50	
Tisco	Bombay	887.50	3.00	

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Profession: ____________

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A.V. Anand *is general manager, International Airport Authority of India (IAAI), Bombay*

A.V. Anand, general manager, IAAI has just completed his second runway check of the day in Terminal II, Sahar International Airport, Bombay. His practised eye sweeps over runway 09/27, 3486 x 46 square metres. He insists on a runway "once over" every two hours, round the clock, and often takes off in his radiotelephone-equipped car, to do his own checking. For him, runway safety is *numero uno* priority for the 185 odd domestic and international "birds" that home in on Santa Cruz and Sahar every day.

"It is common misconception," says 45-year-old Anand "that Bombay now has two separate airports." Correctly termed, they are Domestic Passenger Terminal I (Santa Cruz) and International Passenger Terminal II (Sahar). It is one big airport complex handling a total of 9 million passengers a year managed by IAAI. Undoubtedly, Bombay airport is the busiest of the four gateways to India, handling 57 per cent of the international passenger traffic. The remaining is shared by Delhi, Madras and Calcutta.

Childhood ambition. Anand holds an MSc. from Agra University. His childhood ambition to become a fighter pilot was doused by a protective father who would have none of this "hazardous" choice of a career. So, for Anand, the next best alternative was to join as an assistant aerodrome officer in the Directorate General of Civil Aviation (DGCA) in 1964 which was then the only civil aviation authority managing all airports. The selection was made through a UPSC examination and the aspirant had to bone up on air traffic control services, air-ground aids, international standards and safety requirements, fire regulations, aids to navigtation, metereological technology, etc. He was recruited after an intensive eight-month training at Bamrauli (Allahabad). In 1976, he was sent on deputation to IAAI and absorbed by the organisation in 1978.

Anand is not the hustling, blustery airport chief prototype immortalised by Arthur Hailey. In his own quiet but firm way, in these 22 months that he has handled Bombay airport (after a similar stint in Delhi), he has brought about a noticeable change in the airport's operations and passenger services. This change is summed up in his personal creed: "For service, a passenger is my priority; visitors take second place; and for the comfort of the passengers, if I have to cut back on comforts in the visitors' area, I would do it willingly."

Tough job. Anand's job, to put it mildly, is tough. Irritating delays in luggage retrieval, long check-in queues, dirty toilets, inadequate signboards and information service, an insufficient number of trollies, indifferent porters and frequent flight delays can send even the most tolerant up the wall. Often, the flak that airlines get for bad inflight services is compounded by inefficient passenger processing. This is heightened when flights are bunched up, as at the domestic terminal between 6 am and 11 pm and the night concentration at the international terminal.

Bombay airport has recorded an impressive fourfold increase in aircraft and passenger movement in the past 15 years. This is expected to double by the end of the century. Thus the IAAI has had to expand the spatial reach of the airport, both in terms of runways and the passenger processing infrastructure. Sahar was conceived and started in March 1976, on a modular basis. It was the first airport in the country designed on a multilevel basis with the latest in contact facilities and aerobridges.

24-hour concern. The IAAI manages the entire infrastructure of operations for aircraft on the ground like parking bays and maintenance hangars. There are 46 aircraft bays. The international terminal can accommodate 10 nose-in and 11 remote, wide bodied "birds", and the domestic 8 wide bodies and 17 others. Radar maintenance, air traffic service and all communication related to air navigation are the responsibility of the National Airports Authority of India (NAAI), constituted in 1986. Facilities needed by the customs are also provided. Anand's responsibility for all these almost becomes in effect, a 24-hour concern.

With different peak times for domestic and international traffic, the IAAI operates round the clock services. The world over, there is a 'night curfew' brought about by citizens fighting noise pollution. Their governments, too, respect this and most airports do not permit landings or take-offs during this night curfew. India cannot afford such a restriction, not because of indifference to noise pollution, but economic needs cannot permit us to impose such a ban. Other nearby airports like Karachi will be happy to take over and we will stand to lose.

In the international category, Air-India operates the maximum number of flights to Bombay, Gulf Air comes next, with more than 22 flights a week; others have seven or three flights a week. But these airlines, even though their frequencies are less, bring a significant load of passengers to Bombay.

For the first time in India, Anand has introduced a child-care centre in the international terminal. The child-care room has round-the-clock attendants or *ayahs*, equipped with clean potties, toys etc. The register here bears ample testimony to the gratitude of parents who have really appreciated such thoughtfulness.

For Anand, airport management is not just management of the facilities available. It is an ongoing relationship with people from all walks of life and from all parts of the world. This interface requires masterly skills in public relations and an essential sensitivity to passenger needs; he tells his staff, "Behave like a salesman, be sensitive to your customers' needs and always render services with politeness." It is this sensitivity that makes Anand a very special airport manager.

PADMA RAMNATH

■

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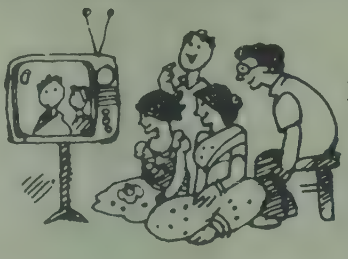

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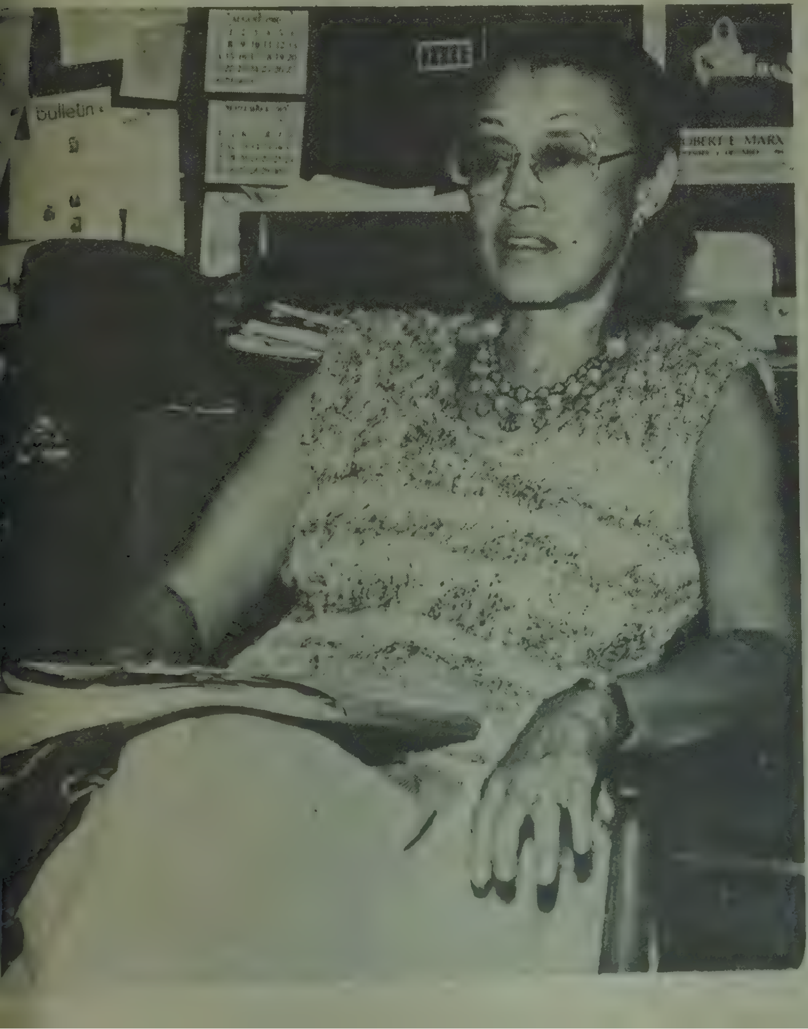
any a known and unknown staurant and roadside eatery Bombay was in the past few onths host to two inquisitive dies, one American and one dian. Not only did they want etails about the spices used in e cuisine but they also deanded to be shown the tchen. **Diana Proeschel**, the rogramme officer at the nited States Information Serce, Bombay, and her Indian olleague Saroj Merani, have ken upon themselves the nique task of compiling a ide to eateries in Bombay.

The city has 25,000 registered ting places and hundreds of adside stalls, yet does not ave a proper guide to them nlike Paris, London, New York even Bangkok. "A sad fact," ys Proeschel. Their endeavr, *Flavours: A selective guide eateries in Bombay*, which is be published later this onth, will hopefully fill the id. The two women ate in 125 staurants, of which they und 85 worth covering. The lection ranges from the classy rench restaurant Rendezvous the Taj to the Bengali eatery New Bengal Hotel, tucked away inconspicuously near Crawford Market; and from the ultra-elite China Garden to the virtually unknown roadside stall Chhote Miya at South Colaba. Not only will the guide provide details about the cuisine but it will also be accompanied by a comprehensive map that will make each of the restaurants easy to locate for a visitor. For Proeschel this will be a parting gift to Bombay. Later this month she moves to Dhaka, Bangladesh on a new posting. "I am glad that someone like me who's adventurous about his or her food habits will not have to look too far from now on for a guide to the amazing variety of restaurants Bombay has," she says.



M.S. Oberoi, the grand old man of Indian hoteliering, is as old as the century. But there was still a childlike twinkle in his eyes last month when he donned mortarboard and scarlet gown in New Delhi to receive an honorary doctorate from the prestigious International Management Centre of Buckingham, United Kingdom. Among the previous recipients of the honour from the centre, which is supported by the British government and companies like ICI, Midland Bank, and Ford, are Sir Adrian Cadbury of Cadbury Schweppes and Sir Trevor Holdsworth of Guest Keen Nettlefold.

Gordon Wills, the centre's principal, flew down to Delhi to honour the much decorated doyen of the travel industry for his outstanding contribution to business in Asia. Before an audience that consisted of the Delhi elite, Oberoi mumbled his thanks with customary modesty.

But what most of the glitterati missed was a glimpse of Biki Oberoi, the old man's son and vice-chairman of Oberoi Hotels, who tried on the mortarboard for just one private moment. Don't worry Biki, your moment in the sun ought to come one day.

A large number of us pour money into the stockmarkets every day, but how many of us can read a balance sheet, tell the difference between net worth and current liabilities? Not many for sure. And even if we want to enlighten ourselves in these matters there isn't much one can do. Most books written on the subject are too detailed and ponderous. **Ajit Dayal**, a 28-year-old stockmarket observer and a director of the Ashok Birla-owned Birla Mercury Fund found that the Japanese had a solution even to this problem. They explain such complicated facts to those interested in easy-to-read comic strips with crisp copy and rich illustration. In March this year Dayal brought out his first comic strip primer on the stockmarket called *The stock exchange, an easy introduction*. It told the story of a grandfather educating his grandson Rahul about the securities market.

It didn't do too well on the stands, probably because the average Indian still thinks that comics are meant only for kids. But Dayal successfully sold the idea of educating shareholders through these comics to three companies listed on the stock exchange — Sriram, Unitech and MCS — and they together bought about 50,000 copies which were then mailed with their balance sheets to individual shareholders.

So in the final analysis Dayal didn't do too badly with his maiden venture. Now he has moved on to a more complex area, share analysis. His latest comic book released last fortnight picks up the story of Rahul and his grandfather from where it left off earlier. Here Rahul is taken through the complicated world of analysing corporate performance, through a detailed balance sheet study. Along the way is explained in layman's terms virtually everything one would want to know about a company. All in all, a good effort. "It is an ambitious piece of work, I hope it goes down well with the public," Dayal says.

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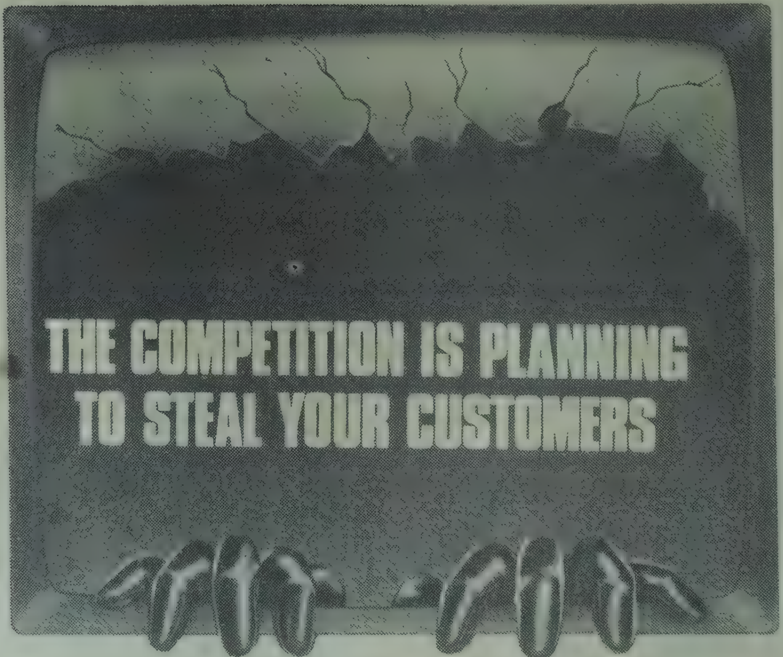
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Pollution control and the law

A HANDBOOK ON POLLUTION CONTROL BY INDUSTRIES AND GOVERNMENT BODIES: WITH SUPREME COURT DECISIONS
By Delep Goswami
Emcon Business Review, New Delhi, 1988, Rs.158

As a handbook, this compendium of current pollution control laws is adequate; like the best handbooks, it stresses utility. Regrettably, it attempts to achieve little beyond being a handbook.

Environmental law is a rapidly developing field in India, but one wouldn't think so after reading this book. Those interested in the arcane field of environmental law would have been delighted to discover a book that illuminates the recent changes in Indian judicial — and parliamentary — attitudes towards public health concerns. What one misses in the book is sufficient commentary and analysis.

Also absent is any attempt to relate the progressive environmental laws passed in India to the legal regime on pollution control in the West. Clearly, Indian legal thinking owes a great deal to deep-rooted trends in the more industrially advanced countries. An example is the inclusion in the 1987 Factories (Amendment) Act of the clauses on the public's and the worker's right to know details about the use and manufacture of hazardous substances.

The pollution control and prevention acts covered in Goswami's book — Water (1974), Water Cess (1977), Air (1981), Environment (1986), Air Amendment (1987), and Factories Amendment (1987) — represent, especially in the eighties, public and judicial dissatisfaction with existing workplace and environmental regulations. That legally mandated changes have been enforced only marginally until now is irrelevant.

The prime mover on the industrial public health and environmental front has been the Supreme Court. The court has enunciated decisions — on management responsibility, licensing of new industrial units, and the necessity of municipal bodies fulfilling their charters — that break with the traditional legal attitude of not recognising public interest in these areas.

For instance, in its February 1986 order allowing the restart of DCM's caustic chloride plant in Delhi, the Supreme Court imposed a condition that "the management of Shriram will obtain an understanding from the chairman and managing director of the Delhi Cloth Mills Limited that in case there is any escape of chlorine gas resulting in death or injury to the workmen or to the people living in the vicinity, they will be personally responsible for payment of compensation for such death or injury".

The same court order required the Shriram management to pay Rs.10,000 to the public interest petitioner who had filed the case against DCM. The court noted in terms that presaged continuing scrutiny of Indian industry, "There is no doubt in our mind that but for this public interest litigation brought by this petitioner, there would have been no improvement in the design, structure and quality of the machinery and equipment in the caustic chloride plant, nor would proper and adequate safety devices and instruments have been installed, nor would there have been any pressure on the management to observe safety standards and procedures."

Of particular use to corporate and other users are three sections which are partly analytical. The first contrasts the liability of company directors, partners of firms, and heads of government departments under the various environmental and pollution control laws. Related to this is a comparison of the differing definitions of "occupier" under the pollution control acts and the amended Factories Act. The amended measure places heavier responsibilities for safety on the management or partners of a company.

The most interesting of these sections classifies Supreme Court decisions on pollution control into various categories — decisions that relate to industries, the Ganga Action Plan, government statutory bodies, pollution control boards, and the role of workers in pollution control. Though Goswami's turgid writing is often indistinguishable from the legalisms of court orders, his thoughtful categorisation itself helps one to understand something about the changing judicial precepts that have affected the treatment environmental concerns are today accorded in India's courts.

■ SIDDHARTH DUBE

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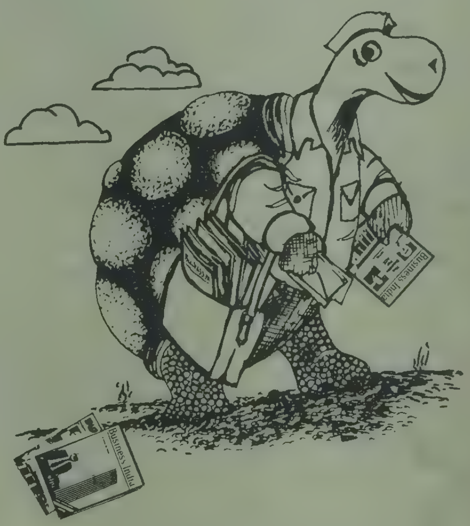

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Iow to retain high-fliers

ery time a bright, talented manager aves an organisation, the "I told you so efore" voices are heard loud and clear. e dilemma before managements is hether to risk taking managers who are gh-fliers at the cost of creating ripples the organisation, while knowing that e turnover of such managers is usually ite high. And how to keep these ambi-ous go-getters motivated, productive d loyal to the organisation.

In India, well-qualified professionals, ch as chartered accountants and espe-ally management graduates from pre-ier institutes, have come to be nonymous with high-fliers. Though this ed not be so. Any competent manager th drive, ability to produce results, and termination to make it to the top could alify.

The high-flier is a person with great nbition, zeal and competence, who does t have the patience to wait for the right oment for being singled out from the rd or for the right opportunities in the ganisation. He wants to reach positions power and consequently of wealth in e shortest possible time and therefore ither the kind of work nor the kind of ganisation is terribly important in this est.

A recent survey among the students of premier management institute bore is out. It showed that graduating stu-ents were concerned with making it to e top in the shortest possible time. This ncern often determined the choice of e company without much heed being ven to factors such as its reputation, e security it offered, etc.

This aspect of the psychology of the gh-flier is not understood by most large ganisations and they are perturbed hen their brightest boys leave to join nall shows. The vice-president (person-el) of a large multinational company cently commissioned a study on the asons for the best engineers in the com-any leaving; he was puzzled to find that oney was not really the major reason.

While money is definitely important for e high-flier, it is the proximity to power d the possibility of reaching positions significant power in the shortest possi-e time that are of the greatest impor-nce.

This implies that the high-flier likes to e asssociated with activities and deci-ons that he considers important from the strategic point of view of the organisation. Hence the craving for jobs such as corporate planning, funds management and new projects or the desire to work in sales territories that are considered crucial for the company.

Young managers on the fast track therefore want to be in an organisation that has the courage to recognise performance and to make the exceptions. And this is often possible only in organisations that are themselves young and growing, as in the computer industry, or in organisations which have a culture of performance and can accept such distinctions.

Most large Indian companies are modelled on conservative British companies or run along governmental or paternalistic lines. These organisations still consider rewards for performance in terms of additional increments, generally one additional increment and in exceptional cases two. This is perhaps a hangover of the government system. And most large companies are akin to bureaucracies. There is always a problem of "precedents", parities with batch mates and to top it all budgets and quotas for those who could be regarded as exceptional.

Companies that have recruited large numbers at the same level such as on the campus, do not like to single out an individual for good performance for fear of losing his batch mates. This is especially true in the early years of an employee's career. Companies often feel that except for sales jobs, it is not easy to single out individuals. And perhaps they are right! Because differentiation on a rational basis requires a system of clearly defined "objectives", or KRAs or performance parameters for each job and a well understood and operational performance appraisal system. And not more than a handful of companies have such systems.

Unfortunately, in most companies appraisal systems still mean the personal views of a few in the organisation. For most employees it is either a matter of being part of the inner circle of the "fiefdom". Or simply being lucky to be visible from amongst the masses.

As one bright engineer from a large engineering company says, "You know exactly what you are going to get paid for the next five years, when you are going to get promoted, and unless you get a lucky break to work directly under a powerful person in the company, it really does not matter what you do."

Such an environment naturally makes the high-flier restive; he begins to look for environments where he feels he can contribute and where his contribution is recognised in concrete terms.

What can an organisation do to provide adequate motivation without upsetting the apple cart within the organisation?

The two essentials are providing exciting jobs and recognising good performance in every possible manner. This includes larger increments, cash rewards, trips abroad if possible or holiday packages within the country. The high-flier craves recognition and the status that comes with the recognition. This is where the IBM culture of 100 per cent clubs , etc, served as tremendous motivators.

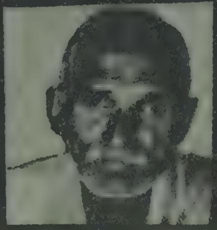
Career planning in terms of planned job movements or rotation are important in providing stimulating jobs and grooming individuals. And one job itself is a sign of recognition. However, this is done by very few. Hindustan Lever is one of the companies that spend considerable senior management time on this activity. And has reaped good dividends. Says N. Sunder, job evaluation manager, "In Levers, HRD is considered one of the most important responsibilities of senior managers. We have an elaborate performance appraisal system; all appraisals of management staff are read personally by the chairman who also spends time on the career planning of senior executives and high-fliers." And conscious attempts are made to give high-fliers at all levels the exposure required for senior managerial jobs. The company also has a system of compensation that is competitive and primarily dependent on the performance of the individual.

The most important requirement for an organisation, therefore, is a system that can identify the high-flier in a manner that is seen to be fair, cater to his need to be recognised and provide jobs that are challenging and give him an opportunity to prove his worth. And finally, the system must have the courage to reward him with the growth he deserves.

But of course the question, "Is it worth it for the organisation?" can be answered only by the performance of the high-flier and the contribution that his performance makes to the organisation's growth.

■ ANITA RAMACHANDRAN

ALL THAT STANDS
BETWEEN DARKNESS AND HIM IS



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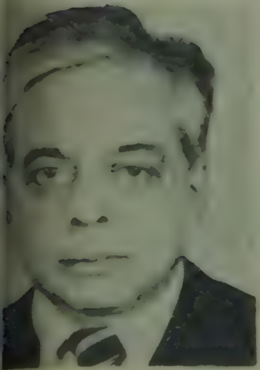


HAY R. SINHA has n appointed naging director of ndard Batteries Ltd.

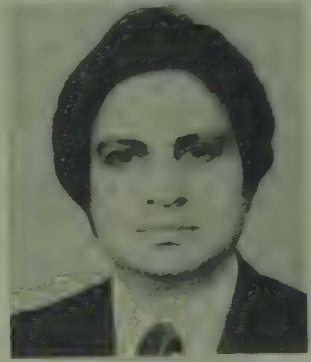
HARISH BHARGAVA has joined Thermax Private Ltd as director, corporate development.

S. BALAKRISHNAN has assumed charge as general manager, personnel and administration, at the Durgapur Steel Plant.

ROMMEL VALLES has been promoted to British Airways' manager, southern India.

M. PANT has taken er as director, thermal, Power Finance rporation Ltd.

V. DHAWAN has joined Hindustan Cocoa Products Ltd as vice-president, foods and drinks division.



IKBAL NATHANI has been appointed on the board of Bureau International De La Recuperation, Brussels, the world body for recycling.

PARAG K. BHATTACHARJEE has assumed charge as general manager for the proposed Calcutta branch of SBI Capital Markets Ltd.

SURENDRA DEMPO has been appointed deputy managing director of V.S. Dempo and Company Pvt Ltd, and joint managing director of Dempo Mining Corporation Pvt Ltd.

K.S. MHATRE has taken over as the chief public relations manager of Air-India.

B.H. CHALISHAZAR has taken over as managing director of the National Rayon Corporation Ltd.

J. BERGRETT has been nominated by Philips N.V. India as in-charge of Peico Electronics and Electricals Ltd, its Indian associate.

PRAVEEN NANDA has been appointed general manager at the Centaur Hotel, Bombay Airport.

NIRMALA RAGHAVAN and V.O. BALAGANGADHARAN have been promoted to general managers at Indian Overseas Bank.

D.H. DAVE has been appointed director of the Sydenham Institute of Management Studies and Research and Entrepreneurship Education.

ALOKE GANGULI has taken over as chief manager, investment banking, at Grindlays Bank, Bombay, and SMITA PATEL has taken over as accounts manager, international banking.

J.S. KHAMBATA has been appointed vice chairman of Glindia Ltd, and H. DHANRAJGIR has been appointed deputy managing director

ASSOCIATIONS

VI PURAVANKARA s been elected esident of the Indian tional chapter of the ternational Real Estate deration (FIABCI); ENY BUNSHA was cted vice-president; d KESHAVJI T. ASHER secretary-general. EEPAK SHROFF and S. NARANG are rectors.

J. PHILIP has been elected president of the newly formed Association of Indian Management Schools.

K.D. BAHETI has been nominated by the Delhi Administration as a member of the Delhi Consumer Protection Council.

V. RANGARAJ has been appointed secretary-general of the Indo-American Chamber of Commerce.

N.K. SWAIKA has been re-elected deputy-chairman of the Vanaspati Manufacturers Association.

M.B. CHAVARE and V.R. KEDIA have been elected chairman and vice-chairman, respectively, of the western India regional council of the Institute of Cost and Works Accountants of India.

RAVI SHYAM was re-elected chairman of the Bombay chapter of the Public Relations Society of India. SUSHIL BAHL was elected vice-chairman and BINA THAKORE, secretary.

Senior executive positions

A compilation of executive positions advertised in **Busi**
India and other major publications between 29 August a
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JOINT DIRECTOR * *Sal* Rs.6000-250-10,000 + car + housing * *Age/Qlfn* 35-45 years * Post graduate with academic excellence * *Reqd* Teaching and/or managerial experience of not less than 10 years * *Resp* Co-ordinate a team of lecturers and retainers and organise preparation of study material in various optional and compulsory subject at the National I.A.S. Academy (NIASA) * *Cont* Shri P.P. Vishwasrao, General Manager (Studies), National School of Banking, 73/78 Esplanade Mansion, M.G. Road, Kala Ghoda, Bombay 400001 (TOI -- 5.9)

CHIEF EXECUTIVE (Works) * *Sal* Attractive + senior level perks * *Age/Qlfn* 38-45 years * Graduate in chemical engineering preferably with additional qualifications in management * *Reqd* Atleast 15 years works management experience in the chemicals/plastics industry including atleast 7 years in a senior position * *Resp* Overall responsibility for manufacturing operations, personnel management and finance and commercial functions at a divisional level * *Cont* MS/4942, A.F. Ferguson, P.O.Box 1786, Bombay 400001 (TOI—6.9)

CHIEF EXECUTIVE OFFICER * *Sal* Rs.58,800 p.a. + perks * *Age/Qlfn* Upto 40 years * Post graduate qualification in finance, economics, accountancy or management * *Reqd* 4-5 years relevant operations experience in the area of capital markets in India and/or abroad * *Resp* For overall activities of the company. Set up major departments for research, security analysis industry studies etc. Also co-ordinate matters on India Growth Fund Inc. * *Cont* A.F. Ferguson Associates, P.O.Box 1786, Bombay 400001 (TOI—8.9)

GENERAL MANAGER (Works) * *Sal* Negotiable + car + driver + perks * *Age/Qlfn* Around 40 years * Degree in chemical engineering preferably with post graduate degree in management * *Reqd* Minimum 15 years experience in related areas with atleast 5 years in senior level in a refinery petrochemical plant * *Resp* Co-ordinate activities of successful implementation of project. Thereafter assume full responsibility for operations * *Cont* The Director, Vinyl Chemicals (India) Ltd, Regent Chambers, 7th floor, Nariman Point, Bombay 400021 (TOI—29.8)

WEST

ALL INDIA MARKETING MANAGER * Bombay * *Sal* Excellent + perks * *Age/Qlfn* NS * *Reqd* NS * *Resp* Product and sales management on all India basis; formulate and implement innovative strategies, control regional activities, achieve objectives in terms of market share and customer satisfaction * *Cont* Senior Manager (HRD), The National Radio & Electronics Co Ltd, Mahakali Caves Road, Andheri (East), Bombay 400093 (BI—5.9)

VICE-PRESIDENT (Marketing) * Bombay * *Sal* Attractive * *Age/Qlfn* NS * Post graduation in management with specialisation in marketing * *Reqd* 15 years experience in marketing in synthetic textiles/inputs or textiles industry * *Resp* Launch successful seeding programme during project phase of new 15,000 tpa PFY plant, develop overall marketing objectives, formulate plans and administer implementation of same during post commissioning period * *Cont* Chairman, Apex Management Consulting G
Pvt Ltd, C-1 Ram Square, 2 Village Road, Madras 600034 (
5.9)

NORTH

INDIA CO-ORDINATOR * Delhi * *Sal* * *Age/Qlfn* More tha
years * Not stated * *Reqd* 4 years involvement in the
development sector, excellent communication and analy
skills, ability to speak and write English fluently * *Resp* Lia
with seven Indian field offices and the Asia Desk in Ox
ensuring compliance with Indian law, overseeing interna
counts and grants procedures, liaison with government ager
* *Cont* Oxfam, Overseas Personnel Department, OXFAM,
Banbury Road, Oxford, OX2 7DZ, England (S—4.9)

VICE-PRESIDENT/GENERAL MANAGER (Marketing) * De
Sal Attractive + perks * *Age/Qlfn* 32 to 42 years * BE wit
MBA * *Reqd* Adequate experience in an area related to pac
ing industry, must have senior level experience in rep
company * *Resp* All aspects of planning, marketing and s
formulate product and marketing strategies, build a profes
nal marketing team, sales and distribution * *Cont* Char
Batheja, The Concept, 67 White Hall, 143 August Kranti M
Bombay 400036 (BI—5.9)

EAST

VICE-PRESIDENT (Finance) * Bhubaneshwar * *Sal* * *Age/*
37-45 years * CA or ICWA * *Reqd* Senior level experience
manufacturing companies in industrial project financ
(AIFIs); experience of current asset management, MIS, vit
Resp Head finance function * *Cont* B.P. Agarwal, ABC Con
tants Pvt Ltd, 43/3 Hazra Road, Calcutta 700019 (BI—5.9)

COMPANY SECRETARY * Delhi/Eastern India * *Sal* Excelle
Age/Qlfn 35 to 40 years * CS, degree in law * *Reqd* 10 to 15 ye
post qualification experience with ability to conduct high p
ered board meetings and draft minutes proficiently * *Resp*
secretarial and legal matters including processing and finalis
formalities before public issue, maintenance of statutory
cords, compliance of MRTP, FERA regulations and other l
related to various investments/borrowings * *Cont* Dee
Bhargava, ABC Consultants Pvt Ltd, 209 Meghdoot, 94 Ne
Place, New Delhi 110019 (BI—5.9)

OVERSEAS

PROJECT DIRECTOR * U.A.E. * *Sal* NS * *Age/Qlfn* NS * Ch
tered quantity surveyor/graduate civil engineer * *Reqd* 10 ye
experience, and should have completed atleast one large proj
similar in nature capable of preparing CPM/PERT programm
and must possess UAE driving licence * *Resp* Irrigation, la
scaping, road and building construction electro-mechani
works as well as construction of recreational and amuseme
funfair items * *Cont* Varsha Consultancy Services (P) Ltd, 6 H
Market, 3rd Road, Khar (West), Bombay 400052 (TOI—11.

:xecutive positions

ToI — Times of India; *H* — Hindu; *S* — Statesman; *HT* — Hindustan Times; *ET* — Economic Times; *Econ* — Economist; *BI* — Business India

[illegible]

IIEF OF OPERATIONS * Raipur, M.P. * *Sal* No bar for suitable ndidate * *Age/Qlfn* 45 years * Degree in engineering * *Reqd* 15 ırs experience in cement industry, 5 in a senior capacity, perience in project planning/execution preferably * *Resp* At oject stage, close involvement in project planning and execun, organising logistics for commissioning and continuous nning of plant; at operation stage, overall management of ıkerisation plant and quarry * *Cont* Ref.No.271/88, Asst. Chief rsonnel Manager (Employment), Employment Bureau, The ta Iron & Steel Company Ltd, Jamshedpur 831001 (S—4.9)

NERAL MANAGER (Computer Consultancy/Software Develment) * *Sal* Rs.1 lakh plus * *Age/Qlfn* NS * *Reqd* Highly alified management professional with exposure to comters, 5 years experience in industry or consulting * *Resp* NS * *nt* Executive Director, Scahorse Systems Pvt Ltd, 41 A/2 ıker Tower 'E', Cuffe Parade, Bombay 400005 (TOI—5.9)

IRCHASE MANAGER * *Sal* Negotiable * *Age/Qlfn* 28-32 years * aduate * *Reqd* Minimum six years experience in an organisan of repute. Experience in commodity buying, and postgradu qualification in materials management preferred * *Resp* For rchase of soyabean, raw materials, packaging materials, engiering stores will report to commercial services manager * *Cont* e General Manager, Manpower & Development, Britannia dustries Ltd, P.O.Box 542, Bombay 400001 (TOI—5.9)

:NERAL MANAGER (Finance) * *Sal* Above Rs.75,000 p.a. + nefits * *Age/Qlfn* 40-45 years * Chartered accountant and/or 3A (Finance) * *Reqd* 10-15 years experience at a senior level in eputed company. Should be conversant with finalisation and pervision of accounts etc * *Resp* Take charge of financial and counting and co-secretarial functions * *Cont* The Director, RIR ernational Rectifier Ltd, P.O.661, GPO, Bombay 400001 OI—5.9)

ANAGER (Works) * Calcutta * *Sal* Attractive * *Age/Qlfn* 40 ırs * BE (Mechanical) * *Reqd* 15 years experience with all pects of rivetted and welded mass fabricated structures in dium/large engineering factories * *Resp* Independent charge production shop and related departments * *Cont* Box /274/CH/2, Business India, Krishna Villa, 100 Park Street, lcutta 700017 (BI—5.9)

ODUCTION MANAGER * *Sal* Attractive salary + perks * *Age/ fn* Around 35 years * Engineering graduate preferably in emical engineering * *Reqd* 7 to 9 years experience in producn management with reputed companies * *Resp* Report to ief executive (works) and responsible for production manement function including quality control * *Cont* MS/4943, A.F. rguson Associates, P.O.Box 1786, Bombay 400001 (TOI—5.9)

ANAGER (Internal audit) * *Sal* NS * *Age/Qlfn* 35-40 years * artered accountants * *Reqd* Experience in heading internal dit function in reputed companies * *Resp* To head internal dit function of the company * *Cont* "M-1A", The General ınager, Human Resources Development, Crompton Greaves d, 1 Dr.V.B. Gandhi Marg, Fort, Bombay 400023 (TOI—5.9)

)FTWARE EXECUTIVE * *Sal* Rs.40,000 p.a. * *Age/Qlfn* NS * gineer * *Reqd* 3 years experience in computer systems development in COBOL. Knowledge of UNIX, UNIFY and C would be advantageous * *Resp* NS * *Cont* Executive Director, Seahorse Systems Pvt Ltd, 41 A/2 Maker Towers 'E', Cuffe Parade, Bombay 400005 (TOI—8.9)

SENIOR MANAGER (Technical) * Raipur, MP * *Sal* No bar for suitable candidate * *Age/Qlfn* 35-40 years * Degree in engineering * *Reqd* 15 years experience in engineering industry, of which at least seven to eight years in project engineering in cement industry, operating experience in cement or allied industry an additional qualification * *Resp* Co-ordination and supervision of the cement project at the design, execution and commissioning stages, close liaison with all connected agencies, appropriate responsibility in the operating plant * *Cont* Ref.No.272/88, Asst. Chief Personnel Manager (Employment), Employment Bureau, The Tata Iron & Steel Company Limited, Jamshedpur 831001 (S—4.9)

OVERSEAS

GROUP MARKETING MANAGER * Hong Kong * *Sal* Rs.30,000 p.m. or more + perks * *Age/Qlfn* NS * MBA from IIM or equally reputed institution * *Reqd* 5 years experience in a similar position with an electronics (audio, video) manufacturing or marketing company in India or abroad * *Resp* Development of the group's own brands and their successful launch as well as further promotion of the group's existing products * *Cont* Ramesh P. Bhatia & Co, A-5 Everest, Tardeo, Bombay 400034 (TOI—5.9)

PROJECT ASSOCIATE * Indonesia * *Sal* NS * *Age/Qlfn* NS * Ph.D in economics * *Reqd* Background in trade and industry policy and experience in working in developing countries * *Resp* Conducting analysis of economic problems, dealing with industrial deregulation and international trade * *Cont* Ellen Seidensticker, Assistant Director for Professional Recruitment, Harvard Institute for International Development, One Eliot Street, Cambridge, MA 02138, USA (The Economist)

PRESIDENT

PUNE

Very attractive salary plus good perquisites.

Bajaj Auto Finance Limited has been promoted by the House of Bajaj. The company is already in operation in the areas of hire/purchase finance and leasing. The company has ambitious growth plans and expects to achieve a turnover of around 100 crores within a few years of operation. The incumbent will report to the Managing Director.

The incumbent will be responsible for formulating plans and strategies and achieving short term and long term profitability and growth in a highly competitive market. The incumbent should be able to function autonomously and have excellent commercial orientation and innovative approach to work including ability to spot opportunities for lease deals, effective negotiation skills, and good contacts and familiarity with potential lessee market segments. He should be in a position to provide effective leadership and direction to his team and must have very good man-management skills.

Candidates should have a strong financial background and should be Chartered Accountants/MBAs (Finance) with atleast 10 years' experience of which 5-7 years should be at senior level positions in reputed commercial/banking/financing organisations, with proven track record. Familiarity with leasing industry will be desirable. Preferred age: around 35 years.

Please apply in strict confidence within 10 days:

The Managing Director,
Bajaj Auto Finance Ltd.,
C/o. Bajaj Auto Ltd.,
Akurdi,
Pune 411 035.

giving full details of age, qualifications, experience and salaries drawn. All applications and envelopes should be marked 'Confidential Attn: Managing Director'

SPARTEK

Spartek, the pioneer and manufacturer of India's largest selling ceramic floor tiles, is a professionally managed company complemented by excellent infrastructure. With a headoffice at Madras, an ultra-modern plant at Tirupati and the recent acquisition of Neycer, Spartek is poised for a target turnover of Rs. 100 crores by 1990. In a measure to further strengthen its corporate base, Spartek is in need of dynamic top-management professionals.

PRESIDENT

Emoluments of over Rs. 200,000 p.a. + perks.

The person should have proven leadership and general management skills with 10-15 years experience in the manufacturing industry.

VICE-PRESIDENT — FINANCE

Emoluments of over Rs. 150,000 p.a. + perks.

The person should possess keen financial acumen and should be fully conversant with the formalities and procedures related to banking and institutional finance. He will head the finance department and will be responsible for financial management, accounting and management information reporting. Familiarity with commercial taxes (especially excise and sales taxes) and experience with capital issues, is a must.

VICE-PRESIDENT/GENERAL MANAGER — MARKETING

Emoluments of over Rs. 150,000 p.a. + perks.

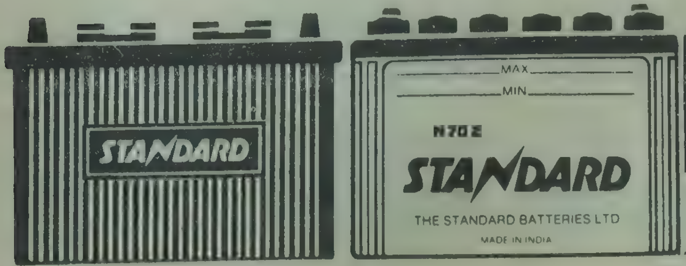
The person should possess the dynamism to structure and supervise a new marketing division, and the essential competence to handle sales, to the order of Rs. 100 crores. He should have proven marketing prowess with 10-15 years experience in the consumer durable industry. In-depth knowledge of dealership network operations, C&F agents handling and advertising/promotions, will be a definite asset.

Please apply in strict confidence, within 10 days, to :

Managing Director
Spartek Ceramics India Ltd
52, Chamiers Road, Madras 600 028.

LINTAS M SCL P 23 2217

Innovation that pays



STANDARD
BATTERIES

VICE PRESIDENT (TECHNICAL)

Bombay

Rs.1.5 Lakhs
+ Furnished Housing
+ Company Car
+ Retirement Benefits

The Standard Batteries Limited is a leading manufacturer of lead acid storage batteries for industrial, automotive and submarine applications in technical and financial collaboration with Oldham Batteries of UK. The present turnover is at a level of Rs.60 crores per annum and is expected to double in the next four years. The Company is extensively involved in a modernisation programme of its three factories located in Bombay and Madras, including induction of latest technology from Oldham, France and Furukawa Battery Co. Ltd., Japan.

The incumbent will be independently responsible for all technical areas including product design, research & development and quality control. The incumbent will also be responsible for induction of design and process know-how from the collaborators. This is an outstanding opportunity to create excellence in the technical activity in an increasingly professional environment. Potential for further growth also exists. A Doctorate or Postgraduate qualification in chemical engineering or an allied field is preferred. The ideal candidate would be currently occupying a senior position in the technical areas of the lead acid storage battery industry.

The incumbent will report to the Managing Director.

All applications will be treated in strict confidence. Please apply within 15 days enclosing your bio-data to:

The Managing Director
The Standard Batteries Ltd.
Vakola, Santacruz (East), Bombay 400 055.

A successful, multi-disciplinary Group with a very good track record is diversifying into the field of Petrochemicals and is looking for ambitious, talented and committed executives for a grass-roots project in Gujarat.

VICE PRESIDENT (TECHNICAL)

To plan and implement the project and subsequently head the profit centre of manufacturing operations including maintenance and quality control. The incumbent should be Bachelors/Masters in engineering, preferably Chemical/Mechanical, apart from a degree in management, with around 15 years' experience in major petrochemicals/chemical projects and related industries in project implementation/production.

VICE PRESIDENT (COMMERCIAL)

To provide complete commercial and finance support during the implementation of the project and later to take overall charge of all commercial and financial functions apart from materials management and general administration. Ideally, the incumbent would be a Chartered Accountant or MBA with a major in finance and experience of around 15 years in similar or related activities in companies of repute.

VICE PRESIDENT (MARKETING)

To take charge of all marketing/sales promotion/market research activities. The incumbent should be a graduate chemical engineer or have postgraduate qualification in polymer chemistry. Persons with MBA in Marketing Management will be preferred. Experience — around 15 years in the petrochemicals/chemicals market.

Remuneration: Attractive package of salary and perquisites for all posts.

Please apply enclosing a recent passport size photograph in strict confidence, giving details of qualification, age, present and previous employments, years of experience, salary drawn and expected and joining time required to:

The Advertiser,
Box No. AA/275/RE/8,
Business India,
Wadia Building, 17/19 Dalal Street,
Bombay-400 001.

THE COMPANY

We are a fast growing financial services organisation with a turnover of over Rs. 10 crores. Our primary objectives include international consultancy, as also foreign and domestic lending operations. We wish to expand our non funds based activities including merchant banking and management consultancy. To meet the challenges of our growth plans, we require the following.

CHIEF EXECUTIVE

NEW DELHI **Rs. 1,50,000/- plus perks**

The incumbent is required to take charge of the total operational responsibility covering the entire gamut of top management functions. Key areas of thrust will include co-ordination between the organisation's existing branches, business development, diversification as also the development and motivation of a close knit team for better task orientation. A "hands-on" style of management with a keen eye at the bottom-line, a positive approach and satisfaction in achievement of goals are basic requisites for this exciting senior position.

We are looking for a creative and ambitious individual – a self starter capable of laying down and achieving realistic targets. He should possess marketing and leadership skills as also a sharp business acumen.

The applicant, between 35-45 years of age, should have a Management Degree from a good Indian or Foreign Institute. He should also have an experience of around 10 years, of which at least 5 years should be as Head of an independent profit centre in a reputed financial services organisation or Unit Head in a progressive bank.

The position carries an attractive salary, plus housing, car with driver and other perquisites commensurate with this top management position. Profit sharing may be considered for an exceptional candidate.

MANAGER FINANCE
CUM
COMPANY SECRETARY

BOMBAY **Rs. 60,000/- plus perks**

The Applicant, aged between 28 – 35 years, should be a qualified Chartered Accountant and Company Secretary, preferably with a law degree. He will be required to assume responsibility for all secretarial, legal & company law matters. He will be incharge of the Finance & Accounting functions of the company as also taxation. In addition he should take, an active part in obtaining bank lines and initiating and maintaining relationships with key financial institutions on behalf of the company.

We are on the look out for a dedicated, committed & ambitious individual with a minimum experience of 3 – 8 years in the relevant areas. The remuneration package will be commensurate with qualifications and experience.

Please apply within 15 days with a detailed resume and passport size photograph to
Box No. AA/275/FW/1
BUSINESS INDIA
Wadia Building, 17/19, Dalal Street Bombay 400 001.

UNIT TRUST OF INDIA
INVESTMENT ADVISORY SERVICES LIMITED

(a wholly-owned subsidiary of the Unit Trust of India)

The company will be engaged in the full range of research, analysis and investment counselling services related to investments in India and overseas. The company is already the investment advisor to the India Growth Fund Inc. (U.S.A.). The company wishes to recruit personnel to be based in Bombay. All managerial positions are, however, transferable.

CHIEF EXECUTIVE OFFICER

MS/4944

Rs. 58,800 p.a.
+ benefits

The Chief Executive Officer will be responsible for the overall activities of the company. Initially he will set up the major departments for research, security and market analysis, industry studies, portfolio management and market operations, data processing, finance and administration. The incumbent will specifically be required to co-ordinate all matters related to the company's role as advisor to the India Growth Fund Inc., and to provide a strong technical contribution to the company's operations. He will be supported by qualified professionals in the various functions.

Applicants should have post-graduate qualifications in finance, economics, accountancy or management with at least 4-5 years relevant operations experience in the area of capital markets in India and/or abroad. Preferred age: upto 40 years (relaxable by 5 years in case of SC/ST candidates).

DEPUTY MANAGERS

MS/4945

Rs. 45,300 p.a.
+ benefits

The company requires Deputy Managers for technical functions including security and market analysis, industry studies, portfolio management and market operations.

Candidates should be economists/chartered accountants/MBAs/financial analysts (preferably 1st class graduates) with 3-5 years experience in merchant banks, stockbrokers, investment companies or financial institutions. Experience in drafting and writing reports will be given an additional weightage. Preferred age: upto 30 years (relaxable by 5 years for SC/ST candidates).

OFFICERS

MS/4946

Rs. 38,600 p.a.
+ benefits

Officers for the above technical functions should be qualified economists/accountants/MBAs/financial analysts (preferably 1st class graduates) with 1-2 years experience in merchant banks, stockbrokers, investment companies Preferred age: upto 26 years (relaxable by 5 years for SC/ST candidates).

***NOTE:* Candidates who do not possess the required work experience in the area of capital markets will not be considered.**

In addition to the salaries mentioned above, benefits would include conveyance allowance, leave fare concession, group medical insurance, provident fund and gratuity. Housing as per rules, may be considered.

Please apply in strict confidence within 10 days to:

A. F. Ferguson Associates
P O Box 1786
Bombay 400 001

giving full details of age, qualifications, experience and salaries drawn. All applications and envelopes should be marked with the relevant MS number

A high technology company promoted by a leading Indian group with foreign collaboration, located at BHUBANESHWAR wish to strengthen their manufacturing operations with the addition of the following personnel. The company has recently commenced production and expects to achieve a turnover of Rs. 15 crores in the first year of operation. The project location provides for an excellent environment with good facilities for schooling and leisure, located conveniently.

HEAD OF MANUFACTURING

(MS/4793)

The incumbent will be responsible for all manufacturing activities, including production planning, control, material procurement assembly and testing at the ultra modern plant. Candidates should be capable of motivating and managing a team of 200 engineers and workers to provide high through-put and quality. They should be electrical/electronics engineers and have prior relevant experience of at least 8 years at a senior level position in electronics production.

MANAGER – QUALITY ASSURANCE

(MS/4794)

The Manager – Quality Assurance will be responsible for quality control at the raw material stage, in process and final quality control during production and acceptance of manufactured equipment by government bodies and customers.

Candidates should be electronic/electrical/mechanical engineers with relevant experience of 6 to 8 years in quality assurance in professional electronics industry.

MANAGER – MATERIALS

(MS/4795)

The Materials Manager will be responsible for sourcing both indigenous and imported components and must have familiarity of the component market worldwide.

Candidates should be engineers and have experience of component sourcing in the computer/telecommunications/consumer electronics industry in a company with a turnover of at least several crores.

All the above positions report to the General Manager.

The company offers excellent growth opportunities and international exposure. Salary and perquisites are designed to attract the best available talent and is unlikely to be a constraint for the right candidate.

Please apply in strict confidence within 10 days to:

A. F. Ferguson Associates
Post Box 1786
Bombay 400 001

giving full details of age, qualifications, experience and salaries drawn. All applications and envelopes should be marked with the relevant MS reference number. Candidates not contacted within three months of application, may assume that they are not being considered.

ABC's major specialisations include • Corporate Consultancy • SWOT Analysis • MIS • Operations Research • Industrial Engineering • Systems & Procedures • Organised Cost Reduction • Materials Management • Project Reports • Data Processing • Software Packages • Insurance Consultancy • Computer Feasibility • Socio-Economic Studies

W.S. INDUSTRIES (INDIA) LTD.
SSB INDUSTRIES LTD.
S&S FILLED FIBRES LTD.
S&S POWER SWITCHGEAR LTD.
and
Associated Companies

Our client, the **WS GROUP** of industries, are internationally reputed manufacturers of power transmission and telecommunication equipment with recent diversification into engineering plastics and polymer products. The current turnover of the group is about Rs. 70 crores with an employee strength of over 3000 spreadover several locations. The group companies have been constantly upgrading technology and have successfully built a strong base within the country as well as in overseas markets.

A transition is now taking place from the 'solely entrepreneurial' phase to the 'entrepreneurial-cum-professional management' phase of the group's growth. The group believes in the **HRD** function playing an important role in the motivation and moulding of its human resources at all levels to mesh with the changing industrial, market and social environment.

GROUP
GENERAL MANAGER – HRD
MADRAS

The group is looking for a mature and experienced professional to formulate and guide the implementation of **HRD** programmes. Key areas of concern will include organisation analysis, role definitions, objective appraisal, counselling, career planning, training and development, motivational aspects, etc.

Candidates should be professionally qualified in Personnel Management/Behavioural Sciences with a proven track record in the **HRD** function in a large organisation of repute. Age: Around 40–45.

An attractive package is available and negotiable for the right candidates.

Please write with a detailed resume to M Madhusudan, General Manager, marking the envelope and application with job title and code GGM/MDS/1516 or contact over phone at our office or at residence 478691. ALL APPLICATIONS WILL BE TREATED IN STRICT CONFIDENCE.

ABC CONSULTANTS PRIVATE LIMITED

4, Jagannathan Street, Madras 600 034. Phone: 470778

A LARGE PROFESSIONALLY MANAGED PUBLIC LIMITED COMPANY, CONSTITUENT OF AN INTERNATIONALLY KNOWN INDUSTRIAL GROUP, MANUFACTURING PROCESSED STEEL ENGINEERING PRODUCTS NEEDS FOLLOWING KEY EXECUTIVES AT THEIR HEAD OFFICE IN NEW DELHI

GENERAL MANAGER — MARKETING

The incumbent will head the Marketing Operations. Major responsibility will include rapid improvement in both volume and market share, achieve high sales targets, develop an aggressive marketing strategy, expand effective distribution network. Accent will be on providing a major thrust to market development including identification of new application areas. He will play a major role in achieving the volume and profit objectives of the Company by continuously improving the market share in highly competitive environment.

Candidates should be outstanding marketing professionals with ability to conceive & implement innovative strategies with qualities of leadership, high motivation and good communication skills. They should be graduates in Engineering/Commerce preferably with post-graduation in Business Management with 15 years relevant experience.

GENERAL MANAGER — FINANCE

The incumbent will be responsible for Financial & Accounting functions. Major responsibility will include formulation/implementation of Financial Plans, Financial Accounting, Working Capital Management, Effective Interaction with Banks/Financial Institutions, Financial Information Systems.

Candidates should be CA/MBA (Finance) with 15 years experience in the Finance Department of a large Industrial Undertaking.

EXPORT MANAGER

The Group is committed to exports and the incumbent will be required to explore and develop exports of Company's products. He will have to do pioneering work for establishing an Export House in the Company. This will involve Market Development, Vendor Development, Formulation of High Return Export Strategies, Order Execution, Export Documentation, etc.

Candidates should be graduates preferably with diploma from IIFT. They should possess at least 5 years relevant experience in a large export oriented company or Export House. Exposure to Foreign Trade with USA, Europe and Eastern Europe will be an advantage.

Candidates should be in the age group of 35-40 years.

Attractive salary and perquisities will be offered to the selected candidates. Emoluments will not be a constraint for the right candidates.

Please apply within 10 days with full details of education, experience, present remuneration along with a recent passport size photograph, to: Box No. AA/275/LB/2, **Business India**, 59, Regal Building, Connaught Circus, New Delhi-110 001.

We'll take more care of you

CEMENT CORPORATION OF GUJARAT LIMITED

Siddhigram, Veraval, District Junagadh

Ours is a one million tonnes per annum unit promoted jointly by the Mehta International Ltd., a part of the multinational Mehta Group and the Gujarat Industrial Investment Corporation.

The plant, located at Siddhigram is the most modern and sophisticated in India.

The Company wishes to appoint at its plant in Siddhigram.

GENERAL MANAGER — Personnel & Administration

Ref: GM - P&A

The General Manager (P&A) will be responsible for the recruiting and building up of a dynamic team, maintaining good industrial relations, training of manpower, human resources development, welfare activities and administration.

Candidates with a Post Graduate degree/diploma in Personnel Management & with a proven track record in the Personnel functions of large reputed organisations with an overall experience of 12-15 years including 5-7 years at a senior level should apply.

Preferable age: around 40 years.

Please apply in strict confidence with detailed current biodata within 10 days to:

The Executive Director
Cement Corporation of Gujarat Ltd.
P.O. Box No. 20, VERAVAL 362 265 (Gujarat)

Please superscribe on the envelope the code of the post applied for.

Sai-36

PCL offers seasoned marketing professionals a chance to get out of a comfortable, predictable growth plan...

into one filled with excitement and limitless opportunity.

In a short span of 5 years, PCL has revolutionised the office automation industry. Achieving an installation base of over 15000. In the past year alone, the Orbit range of PC Compatibles has crossed the figure of over 3000 installations. Making PCL the fastest growing computer company in India today.

PCL's new office publishing systems, computerised telex and modems have also met with an overwhelming response. And now, the introduction of PCL's supermicros, 386 based systems, mini computers, CAD/CAM/CAE, LANs, etc., will soon throw open new challenges in the industry. And in the process provide its personnel with the opportunity to watch their careers grow by leaps and bounds.

PCL is looking for seasoned marketing professionals. The kind of people who are bored with the structured growth they are presently faced with. Who want to translate the fire they have into results – in the field and in their growth curves. Who want to be part of a company that, in spite of its phenomenal success believes it is still growing, expanding, exploring new areas and gathering momentum.

Excited by the prospect? Read on :

THE PCL BUSINESS GROUP

Organised into geographical areas/ locations, the PCL Business Group is vested with the responsibility to effect dramatic results in the company's marketing and sales activities. And, in the process provide thrust towards attaining the Company's growth plans. You could be a Regional Manager or an Area Manager looking after all PCL products and services responsible for bottom line performance. With a sure grip on the company's demanding and ever increasing targets related to sales, yield, operational productivity, training and customer satisfaction.

Regional Sales Managers

Candidates should be below 35 years of age with 5-10 years' experience in marketing.

This is a very senior and critical post. You will have to run each region as an independent cost centre. You will be responsible for formulating and executing aggressive marketing strategies, achieving target-oriented performance pertaining to sales and customer satisfaction. In addition, you should be able to lead and motivate a team of Area Sales Managers and Territory Sales Managers.

Area Sales Managers (All locations)

Candidates should have 5-7 years' experience in leading a team of sales people and a successful track record in selling computers or capital goods.

Apart from achieving sales targets, you will be responsible for prospecting, market development, sales realisation, market intelligence and maintaining satisfactory customer relations.

Territory Sales Managers (All locations)

Candidates should have 2-3 years' experience in direct selling of computers or consumer durables. You will be responsible for achieving sales targets and for guiding support and maintenance activities in your territory. You will need to have a high degree of communication skills.

THE PCL PRODUCT GROUP

Recent months have witnessed a major upsurge in PCL activity. And PCL is now poised for further breakthroughs with imminent introductions including an entire range of mini computers, networking systems and engineering work stations.

Such high level product activity has inspired PCL to initiate the PCL Product Group which requires several product managers to be positioned at Calcutta, Delhi, Bombay, Hyderabad, Madras and Bangalore.

Product Managers

Required professionals for various products like office publishing systems, CAD/CAM/CAE, mini computers, etc. The Product Managers' primary responsibility is to effect dramatic increase in product sales. This requires a thorough understanding of the product and segment-wise needs of the customer. Your qualifications would be considered, basis the product concerned. Product Managers in charge of CAD/CAM/CAE need to be engineers familiar with the specialised needs of architects, construction and engineering/manufacturing organisations. Those in charge of publishing systems need to have a thorough knowledge of the printing/publishing markets. The job also calls for selling and persuasion skills, extensive market contacts and the ability to spot and act on business opportunities with creativity and originality. Applicants should have 3-5 years' experience in similar areas.

THE PCL INDUSTRY GROUP

Computerisation is not an end in itself but a means to an end. Thus, computers are as useful as the work they do for an individual, a professional or an organisation. It is such an understanding that has fostered the PCL Industry Group addressed to specific areas of business, like Defence, Education, R&D and others. PCL requires people to look at solution selling in these groups. Considerable work has been done by these groups in areas like Defence, Education, Banking, Steel, Petroleum and Chemicals. To make these groups even more effective PCL needs the following personnel.

Industry Marketing Managers/ Industry Sales Managers (All locations)

Candidates should be Engineering or Marketing Graduates with work experience of 8-10 years for Industry Marketing Managers and 5-7 years for Industry Sales Managers. Leadership skills with middle level managerial experience and 3-5 years in institutional selling, a must.

You will head specific industry segments and mobilise resources to achieve sales targets. You will maintain the highest standards in service and support. In order to make industry selling a success you must have tremendous initiative, staying power and commitment.

Corporate Executives (All locations)

Candidates must have 2-3 years' experience in institutional sales of computers, or consumer durables.

You will be required to address yourself to, and interact with industry segments on a national basis. While working towards achieving sales targets you must take pride in ensuring complete customer satisfaction in all fields of PCL's operation – product, application, support and service. Ultimately sales and customer satisfaction will be proof of your performance.

While this could be an opportunity for unexpected career growth... it could also be an opportunity to avail of an unexpectedly attractive remuneration package.

Send in your detailed bio-data to :

The Personnel Manager
Pertech Computers Limited
E-46/10 Okhla Phase-II, New Delhi-110 020.
Tel : 6837379, 6841860, 6841864, 6846472.

PCL

India's fastest growing computer company.

everest/d88/PCL/285

MELTRON

MAHARASHTRA ELECTRONICS CORPORATION LIMITED

(A Govt. of Maharashtra Undertaking)

Meltron is in the forefront of electronics technology related to Communication, Broadcasting and Computers. It has also embarked upon Multi-Disciplinary Systems Design and Development to match the needs of users with the state-of-the-art technology.

Meltron is looking for

GENERAL MANAGER AT CORPORATE OFFICE BOMBAY

This is a very senior position at the corporate level reporting to the Managing Director. It demands a high calibre of leadership capable of motivating a team of professionals in achieving the results. The incumbent will be responsible for Corporate Planning — Manufacturing and Marketing.

The candidates should be Engineering Graduates in Electronics and/or Telecommunication and should have multi-disciplinary experience of around 22 years. They should have a flair for marketing and a pleasant yet forceful personality. Preference will be given to candidates with Post-graduate Degree/Diploma in Marketing Management. Familiarity with the Computer usage, software development and languages will be an added advantage.

***Emoluments:** The post will be in the grade of Rs. 5900-200-7900. The total monthly emoluments at the minimum will be approximately Rs. 7,775/-. Residential accommodation and company car may also be considered.*

ADDITIONAL GENERAL MANAGER/DEPUTY GENERAL MANAGER (TELECOM.)

The candidates should be Engineering Graduates in Electronics and/or Telecommunication with an experience of 15 to 18 years in production, R&D, materials management, particularly in the telecommunication field. The incumbent may be posted at any of the manufacturing units.

***Emoluments:** The post will be in the grade of Rs. 5100-150-6300-200-6700 or a lower grade depending upon the suitability and experience of the candidate. The total monthly emoluments at the minimum of the grade will be Rs. 6,870/-. Residential accommodation may be considered.*

DIRECTOR (SOFTWARE EXPORT PROMOTION) PUNE

The incumbent will be responsible for setting up software development infrastructure and should have knowledge of data communication, satellite communication and networking. The candidates should be Engineering Graduates in Electronics and/or Telecommunication with an experience of about 15 years, out of which 5 years should be at a senior level in computer software development, project/marketing and export promotion.

***Emoluments:** The post will be in the grade of Rs. 4500-150-6000. The total monthly emoluments at the minimum will be Rs. 6,230/-. Residential accommodation may be considered.*

CHIEF-PERSONNEL & ADMINISTRATION BOMBAY

This is a very senior position at the corporate level, responsible for overall Human Resource Development and covers formulation of personnel policies, procedures, organisation development, recruitment, career planning and industrial relations. The incumbent will also represent the Company in union negotiations. The candidates should be Graduates with Degree/Diploma in Personnel Management and should have around 15 years' experience in personnel management, corporate administration, human resource development, industrial relations, etc., out of which at least 5 years should be at a senior level. Knowledge of the Marathi language is essential.

***Emoluments:** The post will be in the grade of Rs. 4500-150-6000. The total monthly emoluments at the minimum will be Rs. 6,230/-. Residential accommodation may also be considered.*

DEPUTY GENERAL MANAGER PUNE

The job calls for high professional excellence and aptitude for R&D activities in electronics products involving sophisticated technology.

The candidates should be First Class Engineering Graduates in Electronics and/or Telecommunication with about 15 years' experience particularly in production, R&D, quality control, etc., out of which at least five years should be at a senior level. Post-graduate qualification will be an added advantage.

***Emoluments:** The post will be in the grade of Rs. 4500-150-6000. The total monthly emoluments at the minimum will be Rs. 6,230/-.*

For all the posts a higher start will be considered in the deserving cases. Besides emoluments, the posts carry attractive benefits like C.P.F., Gratuity, Leave Travel Assistance, Medical Assistance, Reimbursement of car maintenance expenses, Leave Encashment, Group Personal Accident Insurance. Other things being equal, preference will be given to the candidates belonging to the Backward Class Community.

Applications giving particulars regarding age, educational qualification, detailed work experience, caste (if one belongs to the reserved category), salary and perks drawn, salary expected, etc. should be sent within 10 days to:

Dy. General Manager
(Personnel & Administration)
Maharashtra Electronics Corporation Limited
214, Backbay Reclamation, Raheja Centre,
13th floor, Nariman Point,
Bombay 400 021

ME 495

CIMMCO INTERNATIONAL

needs

LEADERS AND PERFORMERS

If you are looking for a dynamic, challenging assignment and wish to show your leadership qualities, you are the right person to apply to us for the positions of **Chief Marketing Managers** and **Senior Marketing Managers.**

Company Profile:

We are a premier Trading House of the country with a vast network of overseas offices operating in diversified activities. The business activities include export of variety of products such as Engineering goods, Textiles, Agricultural Commodities, Chemicals, and Projects in the areas of Civil, Electrical & Mechanical fields, etc. We are also importers of Industrial Raw Materials and engaged in third country trading.

Job Profile:

The positions are of total responsibility. The individuals would be expected to work as independent profit centres and should be result-oriented in relevant field of business of the company.

Experience and Qualifications:

The candidates should be well qualified with proven track records and experience of minimum 8-12 years in similar business.

Remuneration:

The positions offer attractive pay package. The remuneration would not be a limiting factor for the right candidates.

Those who meet the above profile may please apply within 10 days giving full resume, present assignment with salary drawn, expected and a recent passport size photograph, giving position reference on the envelope to :

Sr. Personnel Manager
CIMMCO INTERNATIONAL
Prakash Deep (6th Floor) 7, Tolstoy Marg
New Delhi-110 001

Marketing Manager

New Delhi

Rs. 6,000 p.m. + Company car + Company leased accommodation + Perks

A large and professionally managed industrial house with an annual sales turnover of over Rs. 30 crores requires a Marketing Manager for its Home Appliances Division.

Reporting to the Chief Executive of the Appliances Division, the Marketing Manager will be responsible for All India Sales and Marketing. A dynamic individual, he would be the pace setter for the Appliances Division in a competitive market. He would respond quickly to the challenges of the market and formulate and implement short and long term strategies for progressive increases in market share.

We are looking for an exceptionally talented young marketing professional in his late twenties or early thirties, with an excellent track record in sales and marketing of consumer products or durables. An MBA from a premier Management School is an essential pre-requisite.

Emoluments will not be a constraint for outstanding candidates.

Please apply in strict confidence, within 10 days, to

P. Box No. AA/275/LF/3, **Business India**, 59 Regal Building,
Connaught Circus, New Delhi 110 001.

TAFE

TRACTORS AND FARM EQUIPMENT LIMITED (TAFE), Madras, is the flagship company of the Amalgamations group, one of the largest engineering groups in the south. The company manufactures MASSEY-FERGUSON tractors and related implements for agricultural operations, with annual turnover exceeding Rs.120 crores. TAFE has pioneered farm mechanisation and is committed to all-round excellence. The company is experiencing rapid growth and needs achievement-oriented managers to strengthen its team.

MANAGER — SERVICE (Ref. TM/S) Madras

He shall be responsible for development and implementation of business strategies for customer service. The company strongly believes in business growth through investment in high quality of service. Key responsibilities include training of dealer staff, enhancement of dealer service quality and attainment of highest customer satisfaction levels. Candidates should be Mechanical/Automobile engineers, preferably with additional qualifications in business management. A proven experience record of around 12 years in field service operations in the automotive field, with at least 3 years in a senior capacity, essential.

Age : 35-40 years.

MANAGER — QUALITY (Ref. TM/Q) Madras

The company enjoys product preference due to its high quality standards and the selected candidate shall take charge of the management of quality. Key responsibilities include planning, implementation and audit of quality systems through the use of modern TQC tools. Promotion of company-wide quality consciousness shall be a vital task. Candidates should be Mechanical engineers, preferably with additional qualifications in quality assurance. They should be self-starters with proven accomplishents in quality management in an automotive or allied industry. Around 12 years' experience with at least 3 years in a senior capacity, essential.

Age : 35-40 years

These are senior positions calling for a drive to excel and high man-management skills. High performing individuals can expect a rapid growth to general management positions. An excellent compensation and perquisites package will be offered.

Apply within ten days (superscribing relevant reference code), giving details of age, qualifications, current remuneration and career accomplishments to :

The Manager (HRD)
Tractors and Farm Equipment Limited
145 Sterling Road Nungambakkam
MADRAS 600 034

MANAGERS

Calcutta, New Delhi, Bangalore. **+ Rs.100,000/p.a.**

A top-ranking, professionally managed, nationally-knit, advertising agency is looking for dynamic professionals to head its offices in Calcutta, New Delhi and Bangalore. The agency is already among the top, has an excellent name in the field and has charted out its growth path not only in advertising but allied areas of activity.

The prime criteria for these positions is that the candidates will be go-getters with atleast 7-10 years middle level experience in advertising as Senior Account Executives or Group Heads or in marketing of consumer products/consumer durables which are heavily promotion oriented. Experience in Service industries like newspapers could also be considered.

First class Academic background with post graduate management degree preferred. What is more important is that the candidate should be able to identify business opportunities, prepare plans, make presentations and contribute to the growth.

Preferred age group 30-35.

The Agency offers excellent career prospects to dynamic, hard working and committed professionals.

Please write in confidence with detailed resume within 15 days to :

Chairman,
Apex Management Consulting Group Private Limited,
C-1, Rams Square, 2, Village Road, Madras – 600 034. Telephone – 474348.

amcon

PROFAD/APEX/200/88

SAFEX
AUTOMOBILE GLASS

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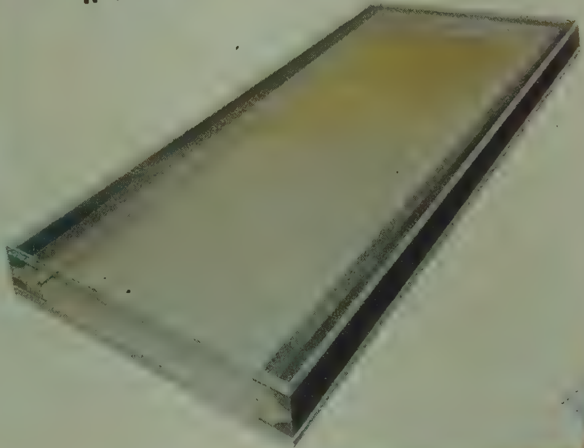
INSULATING GLASS



SAFEX
Automobile Glass

A processed sheet & float glass specially heat treated and tempered for extra strength. Used, as original equipment, in all types of vehicles for land transport and various other purposes.

Flat and curved glass in clear and different pleasing tints.

PENGUIN PANE
Insulating Glass

Recommended where insulation against noise and heat is needed. Ideally suitable for apartments, telephone booths, auditorium, indoor stadia, hotels, airports etc.

GOLDEN FISH
& TWIN BIRD
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Mirrors, made with the latest techniques, an exclusive know-how and processed from the finest quality sheet & float glass.

GOLDEN FISH® MIRROR

HSGW, Founded in 1956, has pioneered the indigenous manufacture of laminated and toughened safety glass. With the range of glass manufactured, the company today caters to every need—both Original Equipment and Replacement.

HSG
PRODUCTS

GRIFFIN

The Company Behind Brand leaders!

HINDUSTHAN SAFETY GLASS WORKS PVT LIMITED
Head Office 2 ST GEORGES GATE ROAD CALCUTTA 700 022
Phone: 45 0125 (3 LINES) CABLE: DEVGLASS TELEX: 021 7700
Released by: **INDIA TRADES AGENCY**

DODSAL

MANAGER – COMPUTER SYSTEM DESIGN AND APPLICATION

Location: BANGALORE

We are a multinational, multidivision Engineering and Construction Company, executing a variety of prestigious turnkey projects in India and abroad on onshore/offshore pipelines, process/power plants, power transmission systems and infrastructure facilities. We intend automating our activities using computers.

The incumbent should possess an engineering background with Post graduate qualification in Computer System design and application with 10 years' experience in similar field. He should be familiar with Assembler, C, Pascal, Basic, LISP, CADD, CAE and data base handlers and should have worked under UNIX and DOS environments preferably with working knowledge of mini computers and network systems. Familiarity with O&M and development of Software for engineering applications would be an added advantage.

Responsibilities include:

1. **Plan, procure, install and maintain an overall computer system to handle MIS and Engineering Applications.**
2. **Software development for in-house needs.**
3. **Planning long term requirements and adaption to the latest technology.**
4. **Building up a team of professionals to execute the above mentioned activities.**

The compensation package is very attractive and is unlikely to be a limiting factor. We offer excellent scope for professional growth. Rewards are directly related to results and accomplishments. Please mail your resume within a fortnight to: –

Vice-President (Personnel & Administration)
Dodsal Limited
6th Floor, Naveen Complex,
14, M.G. Road,
BANGALORE – 560 001.

A Timken bearing can live an entire lifetime in tough conditions

... before it's manufactured.

That's right. And that's because only we at The Timken Company have the unique computer program known as Bearings Systems Analysis (BSA). A program that refines the bearing selection process by actually simulating the environment in which it will be operating. It electronically analyses the effects of lubrication, misalignment, loadzone and many other factors on the working life of a bearing. So that we can be sure that the bearings we select for new, critical applications are the right ones for the job.

The Timken Company. World leader in tapered roller bearing technology. And in quality.

Because Timken bearings are made from case-carburising steels—which give them built-in longevity, reliability and superior resistance to shock loading. And when you combine that with the most advanced production techniques, the result is a bearing without equal.

No wonder the world's major builders of heavily stressed equipment use Timken bearings and consult us on their new designs. They've learnt from experience that Timken bearings go the distance with them.

So when you want to go the distance, go the smoothest way possible. With Timken Bearings.

It's not just what we make.
It's what we know.

TIMKEN®
TAPERED ROLLER BEARINGS

Please contact the Agency Department of Tata Steel: Representative of The Timken Company in India.

The Tata Iron & Steel Co Ltd
43 Chowringhee Road
Calcutta 700 071
Phone: 29-4351, 29-6151, 29-1981, 29-3861

The Tata Iron & Steel Co Ltd
Nanavati Mahalaya (2nd Floor)
Tamarind Lane
Bombay 400 001
Phone: 204-9131, 204-7904

The Tata Iron & Steel Co Ltd
Sucheta Bhavan (3rd Floor)
11A Vishnu Digambar Marg
New Delhi 110 002
Phone: 331-7655, 331-7723, 331-7715, 331-0185

The Tata Iron & Steel Co Ltd
Eldorado Building (2nd Floor)
112 Nungambakkam High Road
Madras 600 034
Phone: 47-1529, 47-1403, 47-4387, 47-5963, 47-6455

VENKATESHWARA HATCHERIES GROUP OF COMPANIES

VH GROUP

VH group of Companies are known for Innovation, Technical Excellence, Customer orientation and Progressive vision. The group enjoys market leadership in the poultry sector. The group is well integrated for producing Quality Chicks, Vaccines, Pharmaceuticals, Animal feed, Processed food and Fast food. Of course, all backed up well with R & D.

VH group has the technical collaboration with **ISA BABCOCK, COBB - VANTRESS AND SPAFAS INC. U.S.A.** The group turnover is around Rs. 50 crores and is growing rapidly.

VENKATESHWARA HATCHERIES LIMITED, the parent company is looking for the following Personnel for the corporate office at **PUNE.**

1. ASSISTANT MANAGER - (BUDGETS)

Applicants should be Chartered Accountants or Cost Accountants or Post Graduates in Management from reputed business school with sound exposure to computer systems operations. The applicants should have more than THREE years post qualification experience in management/financial control functions.

Functions include analysis of financial performance of units, creation of uniform budgetting system, training of the unit Personnel for budget preparations.

2. ASSISTANT MANAGER - (PLANNING)

Applicants should be Postgraduates in Econometrics or statistics or operations Research or Engineer MBAs from reputed Institutes with sound exposure to computer systems operations. Applicants should have more than Three years post qualification experience. Applicants with experience in Management consultancy and Marketing Research in Agro based Industries will have an edge over others.

Functions include trend analysis, model building, risk analysis, projections, evaluation of performance and creation of data bank for the industry.

Package : Will not be a constraint for good candidate. Besides salary perks include Super Annuation, LTC, Medical benefits, CPF etc.

Please apply in strict confidence within 15 days, with C.V. in detail Salary drawn and Expected and marking the envelope with job title to :

MANAGER (PERSONNEL)
VENKATESHWARA HATCHERIES LIMITED
VENKATESHWARA HOUSE,
S. NO. 114/A/2, PUNE-SINHAGAD ROAD, POONA - 411 030

Leadership through Innovation.

Venkads-086

Tamil Nadu Telecommunications Ltd.

This is a joint venture of Telecommunications Consultants India Ltd. (TCIL), a Government of India undertaking and TIDCO to set up a manufacturing unit for Jelly-Filled Telecommunication Cables at an investment of over 20 crores, situated at Arakkonam-80 Kms from Madras.

Being a new, dynamic and professionally managed company, it provides excellent opportunity for promotion and individual growth. The company requires the following personnel for its corporate office at Madras, manufacturing unit at Arakkonam and commercial office at Delhi.

COMMERCIAL

MANAGER:

Age below 40 years (DELHI)

MBA with 10 years experience in marketing, preferably in Electrical/CommunicationCables.

DEPUTY MANAGER:

Age below 35 years (DELHI)

MBA with 7 years experience in marketing

FINANCE

ACCOUNTS OFFICER:

Age below 30 years (MADRAS)

Chartered Accountant with experience in manufacturing unit/Projects.

ASSISTANT ACCOUNTS OFFICER:

Age below 30 years (MADRAS/ DELHI)

Should have passed at least inter examination of Institute of Chartered Accountants of India. Experience in Projects is desirable.

MANAGEMENT

MANAGEMENT TRAINEES:

Age below 25 years (ARAKKONAM)

I.I.T. graduates or rank holders of other recognised universities in electrical, mechanical, electronics and chemical engineering.

MANUFACTURING

Project

PROJECT ENGINEER/ MANAGER:

Age below 40 years (ARAKKONAM)

Engineers with at least 5 years experience in manufacturing/projects with some experience in cable manufacturing. Project experience in Jelly-Filled Telecom cables is an added qualification.

SENIOR CIVIL ENGINEER:

Age below 40 years (ARAKKONAM)

Civil Engineers with 10 years experience in construction of factory sites.

ENGINEER TRAINEES:

Age below 25 years (ARAKKONAM)

Ist class graduate engineers in electrical, mechanical, electronics and chemical engineering.

FOREMEN:

Age below 25 years (ARAKKONAM)

Graduates in Physics/Chemistry or diploma holders in electrical, mechanical, electronics and chemical engineering.

ADMINISTRATION

SECRETARY/STENO TYPIST:

Age below 30 years (DELHI/MADRAS/ ARAKKONAM)

Graduates with stenography qualification and experience in word processing is desirable.

Terms comparable with the best in the market.

Candidates in Key Positions are likely to be sent ABROAD for orientation/Training.

Write in confidence quoting E-20/88 to : —
N.P. SEN, Managing Director,
Tamil Nadu Telecommunications Ltd.
Gee Gee Complex, 3rd, Floor, 42, Anna Salai, Madras-600002

adcircle

SRF
SHRI RAM FIBRES LIMITED.

MARKETING PROFESSIONALS
3-10 years' experience

We are a fast-growing group of companies with an annual turnover exceeding Rs. 150 crores. Today, we are leaders in the synthetic fibre industry, with a product range which includes nylon tyre cord, fishnet twine, engineering plastics and yarns for various special-purpose uses. We have a growing presence in bearings and auto electricals also . Our business portfolio also includes hire purchase and financial services.

We are currently engaged in setting up a project for the manufacture of Fluorocarbon Refrigerant Gases. We also have a large number of projects on the anvil, including outboard motors, synthetic glycerine and consumer durables.

To meet the requirements of our rapidly growing operations, we are looking for young marketing professionals with about 3 to 10 years' experience in sales and/or product management in good companies. Applicants should be MBAs from reputed institutions. Job positions would require a high degree of aggressive marketing skills and entrepreneurial ability.

To the organisation, SRF is its people, and we are a company which takes human resource development seriously. We offer challenging jobs with excellent career prospects. Emoluments compare with the best in the industry and will be commensurate with qualifications and experience.

Interested persons may send their applications within 7 days, superscribing the envelope "Marketing Professionals" to:

Vice President (Personnel),
SHRI RAM FIBRES LIMITED.
Express Building,
9-10, Bahadur Shah Zafar Marg,
New Delhi – 110 002

A successful, multi-disciplinary Group with a very good track record is diversifying into the field of Petrochemicals and is looking for ambitious, talented and committed executives for a grass-roots project in Gujarat.

PRESIDENT:

To successfully execute the project and take over the total responsibility of the unit including its growth and profitability in line with targeted plans after commencement of commercial production. Ideally, the incumbent will be a technocrat specialised in the application of petrochemicals in user industries. He will be required to effectively co-ordinate all unit activities, namely, production, finance, quality control, marketing, etc. He will be responsible for smooth and efficient running of the unit and should provide the thrust to the Company's ambitious growth plans. A sharp business acumen with very strong administrative abilities and leadership qualities would be essential to motivate and lead a large professional team in an extremely complex and fast changing environment.

The position is in the highest echelon of the organisation. Persons holding management qualifications from reputed institutions and having over 15 years' general management experience at very senior levels in organisations of repute would be best suited.

Remuneration and perquisites are negotiable and will include all top management perks.

Please apply enclosing a recent passport size photograph in strict confidence, giving details of qualification, age, present and previous employments, years of experience, salary drawn and expected and joining time required to:

The Advertiser,
Box No. AA/275/RE/7,
Business India,
Wadia Building,
17/19 Dalal Street,
Bombay-400 001.

A MAJOR PHARMACEUTICAL COMPANY
wishes to appoint

HEAD: MEDICAL SERVICES

BOMBAY

This senior appointment is with a major Health Care Company concentrating on pharmaceutical products and associated with one of the world's top international pharmaceutical corporations.

The successful candidate will be expected to ensure:

* The effective clinical evaluation and development of new products to achieve timely registration in line with the company's overall marketing strategy.
* The provision of high level, expert medical and technical inputs for the Company's existing range of products which include OTC products.
* The development and maintenance of contacts at the highest level with the medical profession, government, regulatory and other bodies so as to maintain and enhance the professional, scientific and ethical image of the Company.
* The co-ordination of the Company's policies on health and safety, quality assurance and GMP, as well as a safe and healthy working environment for its employees.

For this highly responsible appointment, we seek a physician, ideally around 45 years of age, with M.R.C.P./M.D. and quality clinical and clinical research experience. While pharmaceutical industry experience would be an advantage, quality of clinical experience, extent of scientific publications, managerial experience are key requirements. Ability and willingness to accept new challenges and to learn and grasp new issues relating to the pharmaceutical industry, fluency in written and verbal communications and a demonstrable ability to flourish in an industrial environment are other important attributes.

The remuneration and benefits package will reflect the seniority of this appointment, and will not be a constraining factor.

Please apply in confidence enclosing a copy of your curriculum vitae and indicating why you believe you meet the requirements for this appointment or phone for appointment:

S.C. Bhatia, **Chief Executive**
DATAMATICS STAFFING SERVICES
Post Box No. 106 G.P.O. Bombay-400 001.
Tel No: 2043742/2020531/2020478.

DCW
LIMITED

DCW LIMITED
requires

GENERAL MANAGER (WORKS)

DCW Limited, a multi-product company with an annual turnover in excess of Rs. 100 crores is **diversifying** into the production of free-flowing **Iodised Salt**. The new division will be set up at PALGHAR, Thane District, Maharashtra.

PALGHAR is approximately 200 kms. from Bombay and is well connected by road and rail. It has a sizeable urban population and has all requisite infrastructure facilities like **college, convent school,** hospitals, theatres, etc.

The right candidate will have a **Post Graduate Degree** in **Chemical Engineering** from a leading Institute. He should have worked in a reputed company for atleast **15 years,** of which the last 3 years should have been in a **Senior Managerial position.**

The General Manager (Works), with his qualities of leadership will shoulder the responsibility of setting up the entire division from scratch and introduce and implement professional systems in the organisation. A team of four professionally qualified departmental heads, alongwith their assistants, will be appointed to work under the direction and control of the General Manager. The total manpower in the division will be around seventy five.

The salary will be liberal and perquisites include fully furnished accommodation and a car.

Please apply in full confidence giving all the details alongwith copies of relevant certificates, and indicating salary expected to:

The Manager—Personnel & Administration
DCW Limited,
3rd Floor, Nirmal,
Nariman Point,
Bombay 400 021.

SMAK SMAK

SMAK PHARMACEUTICALS

We are a Bangalore based fast growing Pharmaceutical Company promoted by a team of professionals. Our Pharmaceutical Specialities launched over two years ago have received an overwhelming response from the medical profession. We have set up a modern manufacturing unit with sophisticated equipment as per G.M.P. Standards.

We are presently expanding to cater to All India Market. European and Japanese tie-ups are being worked out to bring in latest formulations that are market trendsetters. To take charge of our Expansion Programmes, we are on the look out for the following High Calibre Professionals, reporting directly to the Managing Director.

General Manager - Marketing

General Manager - Production

General Manager - Quality Assurance

General Manager - Product Development

Highly qualified professionals with sound experience and motivation to reach to the top may send in a detailed resume immediately to:

SMAK PHARMACEUTICALS
PRIVATE LIMITED
POST BOX NO. 361,
BANGALORE – 560 003

SMAK SMAK

A well established group with diversified activities in engineering, textiles, trading and flour milling with a group turnover exceeding Rs.50 crores requires

GENERAL MANAGER – EXPORTS

for its newly started export house operations located at Madras. The export house handles a wide range of items by way of merchant exports besides own manufactured items mainly footwear components. The incumbent will identify further items for export promotion, identify export markets, promote sales and negotiate and conclude orders. He will also be responsible for procurement.

The applicant must be well qualified preferably with a diploma in foreign trade with not less than 10 years' export marketing experience and good exposure to overseas markets.

PROJECT EXECUTIVE

The incumbent will take up detailed study of project proposals received from various units in the group and also generate new project proposals. He will prepare detailed project reports and liaise with the group's finance division in arranging funds for new projects. The position to be located at Coimbatore will report to the top management.

The incumbent must be a BE/B.Tech with MBA qualification with at least three years' experience in corporate planning/project planning departments of reputed companies.

The compensation package for the above positions will be attractive.

Please apply within seven days to:

Sam Consultancy Services
Private Limited
Post Bag No.634
15, Dr. Radhakrishnan Salai,
Eighth Street, Madras 600 004.

SRF
SHRI RAM FIBRES LIMITED

We are a young and professionally managed group with an enviable track record and an annual turnover exceeding Rs.150 crores. Besides being leaders in the industrial synthetic fibre industry, we have branched successfully into the light engineering industry and financial services.

We are now on the threshold of setting up a project in collaboration with an internationally renowned organisation to manufacture various grades of Flurocarbon Refrigerant Gases. Flurocarbon Refrigerants have multiple uses in refrigerators and airconditioning, aerosol and foam-blowing sectors. Customers for these gases include both OEM and trade segments. We are on the lookout for professionals for the following positions in our Marketing Department.

BRANCH MANAGERS NORTH/EAST/WEST/SOUTH

Responsible for:
- Development and management of Branch operations and Distribution Channel
- Achievement of business objectives
- Market Development
- Market Information.

The ideal candidate will be:
- From a highly competitive environment
- Experienced in selling through a wide dealer network
- Experienced in branch operations
- Preferably an M.B.A.
- 30 to 35 years old.

PRODUCT EXECUTIVES DELHI

Responsible for:
- Strategy formulation and implementation
- Forecasting and budgeting
- Promotion and Market Research
- Staff Support to branches on various aspects including stock co-ordination.

The ideal candidate will be:
- From a highly competitive environment
- Chemistry graduate, preferably with M.B.A.
- Experienced in product management
- Around 30 years old.

We are committed to the growth and development of our people and remuneration is not a constraint for the right candidate.

If your profile matches our requirments, you should send your detailed bio-data immediately to:

Vice President (Personnel)
SHRI RAM FIBRES LIMITED.
9-10 Express Building
Bahadur Shah Zafar Marg
New Delhi – 110 002

BANGALORE POWER GENERATION COMPANY LIMITED

BYAPPANAHALLI PO. BANGALORE – 560 038

REQUIRES A PROJECT MANAGER

Bangalore Power Generation Company Limited, a Joint Sector Company promoted by leading Public and Private Sector Industries will install four 6 MW multi-fuel power generating sets in 1989 for captive electricity power requirements of the participants. A dynamic, experienced and result oriented person to monitor the speedy execution, operation and maintenance of the project at Bangalore is required.

Applicants should be First Class degree holders in Mechanical/Electrical Engineering with at least ten years practical managerial experience in the installation, operation and maintenance of high power diesel engine sets.

Salary commensurate with qualification and experience, Company leased accommodation, Car/Conveyance reimbursement and other fringe benefits, will be provided.

Interested candidates may apply within 15 days from the date of this Notification specifying their qualification, age, experience, salary drawn and expected along with a Passport size photograph to:

M/s. Bangalore Power Generation
Company Ltd.,
C/o. The General Manager
(Personnel & Administration),
NGEF Ltd.,
PB No. 3876, Bangalore – 560 038.

MANAGER - IMPORTS

Rs. 1,00,000 + PER ANNUM
Based in: Bombay or Delhi

We are a trading house recognised by the Government of India, and are a part of a group with turnover in excess of Rupe One Hundred Crores.

We now wish to initiate Import Division. The persor selected for the above pos would spearhead this new division. Persons holding similar posts in reputed organisations, and with a thorough knowledge of th import/export policy, shoul apply. If you have adequ knowledge in selling and buying various types of import licences available ir the market, you would be our ideal choice. Those applying should be experienced in locating sources of supply of various products from around the world.

Please send in your detailed and comprehensive bio-data immediately. Bio-datas be kept in total confidence.

Write to:

Box No. AA/275/PE/4,
Business India, Wadia Building,
17/19 Dalal Street, Bombay-400 0

MANAGER

BOMBAY **Around Rs. 1,00,000 p.a.**

Our client is a Indo-American engineering company which is a leader in its field. It has an annual turnover of over Rs. 22 crores. The gross block on plant and machinery is around Rs. 15 crores.

The company would therefore like to recruit a creative engineer to head an independent unit which will consist of engineers and specialists to inspect, redesign and rebuild their special purpose machinery and machine tools. There will be considerable scope for growth and independent decision-making.

Candidates should be mechanical engineers with at least 10 years' experience in machine rebuilding and preventive maintenance. Candidates with knowledge of the latest technology development in these fields and experience in machine tool manufacturing organisations will be given preference.

For the right candidate, salary is unlikely to be a limiting factor and housing can be considered.

Please apply giving full details within 7 days to:

A. F. Ferguson Associates
115, Dickenson Road
Bangalore 560 042

Applications should be marked 'MS/3491'

THE BIBLE SOCIETY OF INDIA

MANAGER (MARKETING)

A major national publisher with growing distribution network is looking for qualified, experienced and highly result oriented and motivated person who is deeply committed to the Bible Cause, at its Central Office at Bangalore for the post of MANAGER (MARKETING). The person should have a proven track record in Marketing skills with ability to motivate and achieve higher goals. He will play a leading role in coordinating with Distribution Officers in the Auxiliaries and other large Scripture distributors. He will be responsible for formulating plans and strategies and for performance monitoring.

Salary will commensurate with qualification and experience. Those in the age group of 35 to 45 need apply.

Applications on plain paper with detailed resume of age, education, training, work/supervisory level experience, break up of salary now drawing and salary expected etc., indicating the post for which applied for, should be mailed to the General Secretary, Bible Society of India, 206, Mahatma Gandhi Road, Bangalore-560 001, to reach him by 17th October 1988.

Avanti Kopp

Avanti Kopp, an INDO-GERMAN Joint Venture with Heinrich Kopp GmbH & Co. KG, West Germany, markets an innovative futuristic range of consumer electrical products. The Company is targetted to achieve a sales turnover of 10 crores in about 2 years. Avanti Kopp, promoted by a technocrat entrepreneur, is managed by a group of dedicated professionals and requires the following hard core sales professionals to fill up vacancies in the marketing team.

REGIONAL SALES MANAGERS

New Delhi/Calcutta

Regional Sales Managers will head a Region and lead a team of Sales Executives. They shall be responsible for market and customer development, sales promotion, organisation of customer meets and exhibitions to achieve sales targets in their given territories. MBA's with 5-8 years experience in marketing Building Materials/Electrical Consumer Goods, who have independently led a team are preferred.

SALES EXECUTIVES

New Delhi/Calcutta

Reporting to the Regional Sales Manager, the Sales Executives would form the foundation of the sales team and be fully responsible for sales targets in their territory. They should have a pleasant personality, pleasing manners and fluency in English, and should promote the products to Architects, Interior Designers and large institutions like 5 star hotels, corporate offices, commercial complexes etc. Candidates who are preferably MBA's with about 2 years experience are eligible to apply.

The remuneration package would be attractive and progress would be merit based. Apply with full details of qualifications, experience and salary drawn, along with a passport size photograph within 10 days to:

The Marketing Manager
Avanti Kopp Electricals Pvt Ltd
5E, Dhruvatara, Amrutha Estates
Somajiguda, Hyderabad-500 482.

DEPUTY DIVISIONA MANAGER

We are looking for a Deputy Divisio Manager for our marketing division Calcutta dealing in USHA brand sewi machines, fans, pumpsets, pistons/rin and fuel injection equipment in We Bengal, Andaman & Nicobar islan Sikkim and Bhutan.

The current turnover of this division around Rs.10 crores and there a ambitious sales growth plans. To meet t above objective, we wish to strength the management set-up by the inducti of a Deputy Divisional Manager.

The incumbent will have responsibility f one or more product groups and will al be involved in the management of t division as a profit centre. This is a seni management position and offers substa tial growth opportunity.

Applicants should possess an excelle track record, with a good academic a extra-curricular background. They shou have about 5 years marketing manag ment experience in a reputed busine organisation at senior level. Exposure Accounts and general management desirable.

The starting salary will be over Rs.400 per month and an attractive remune tion/perquisites package will be offer to attract the best talent available.

Please apply within 10 days with comple bio-data in an envelope marked P-88/ to: The Jay Engineering Works Ltd., P Box No.692, New Delhi-110 001.

JAY ENGINEERING
A SHRIRAM enterprise

RANBAXY

requires

DIVISIONAL QUALITY ASSURANCE MANAGER

INDORE ATTRACTIVE TERMS

Ranbaxy is committed to the highest standards of quality of its products. The company seeks to strengthen its quality assurance team for its Pharmaceutical Manufacturing Division and is looking for a senior professional to head the quality assurance activity at Dewas, near Indore.

The incumbent would be responsible for integration of all factors of the quality functions into a quality system which satisfies the customers specific requirements.

He will develop and implement quality assurance programmes, and ensure availability of adequate facilities necessary for quality maintenance and evaluation. He would be expected to keep abreast of modern manufacturing and measuring techniques and introduce new concepts which have impact on quality and cost.

Candidates,around 45 years of age,should be analytical professionals of considerable status with proven strengths in quality assurance functions in the pharmaceutical industry. Those holding a Ph.D Degree would be preferred.

In addition to a challenging assignment, the location provides a neat and clean environment, excellent climate and good cultural and educational facilities besides opportunities for career growth.

Apply to:

Corporate Personnel Manager
Ranbaxy Laboratories Limited
25, Nehru Place, New Delhi-110 019

asian

GST

Challenging Opportunity for

SENIOR MANAGER (MATERIALS)

GUJARAT STEEL TUBES LIMITED, AHMEDABAD, the largest manufacturer and exporter of welded steel pipes and tubes, having a turnover of over Rs. 100 crores, wishes to appoint a SENIOR MANAGER (MATERIALS).

The incumbent will be responsible for procurement, especially steel and zinc, worth over Rs. 70 crores annually. Systems design and implementation and advising management on all significant aspects of materials function are important components of the job.

The applicants should be engineering graduates, with post-graduation in management and specialization in materials management/finance. They should have 8-10 years of post-qualification experience in a large steel-based engineering company with about 5 years of independent responsibility for procurement of indigenous and imported steel. They also should have had exposure to foreign exchange management.

The candidates should be self-starters with strong commercial acumen. They must also possess excellent negotiation and communication skills as well as ability to get along with people at all levels.

Preferred age : 32-40.

The Company has a liberal compensation policy including housing. Remuneration will not be a constraint for the right candidate. Growth prospects, based on performance, are excellent.

Please apply, in strict confidence, within 10 days stating full details of qualifications, experience, age, salaries drawn and expected, with a recent photograph to :

Chairman & Managing Director
GUJARAT STEEL TUBES LIMITED
Bank of India Building, 4th Floor
Bhadra, Ahmedabad - 380 001

RANBAXY

requires

PLANT CONTROLLER

Near Indore Attractive Terms

In consonance with our corporate objectives we have progressively expanded our technological base and have established a wide manufacturing infrastructure for our pharmaceutical activity. At our modern and large pharmaceutical formulation plant located at Dewas we are looking for a high calibre professional to direct and control the manufacturing activities.

The incumbent would be expected to meet challenging objectives in terms of manufacturing capacities, technology and profitability. He would be required to improve productivity of men, materials and equipments, maintain highest quality standards and continually develop production personnel.

Candidates around 40 years of age should be technical professionals of considerable status with proven strengths in plant management. Those with high leadership skills occupying a similar position would be preferred.

This is a senior position in the company. In addition to a challenging assignment, the location provides a neat and clean environment, excellent climate and good cultural & educational facilities.

Apply to:

Corporate Personnel Manager
Ranbaxy Laboratories Ltd.,
25, Nehru Place, NEW DELHI-110 019

SENIOR TRAINING OFFICER

Andhra Pradesh **Around Rs. 40,000/-**
+ liberal benefits.

A large multi-unit professiona
managed private sector compa
requires a Sr. Training Officer
their fertiliser plant.

Candidates must have a basic deg
in engineering. Additional qualifi
tions in management/training wo
be an advantage. Substantial relev
experience in a large organisat
and sound knowledge of traini
methods and techniques is a mus

The job entails identification
training needs, designing a
implementing appropriate traini
programmes at the plant. Besides,
incumbent will also be required
monitor all technical training p
grammes for apprentices, technici
trainees, graduate engineer traine
etc.

The position is in the manageme
cadre and carries with it an attract
remuneration package, includi
excellent medical and retiral benef

Candidates fulfilling the abo
requirements may apply within
days of this advertisement giving
details to:

Box. No. AA/275/LC/5,
Business India, 157, 8th Main Road,
Vasantha Nagar, Bangalore-560 052

lokhandwala group

offer career development opportunities to young professionals as

Management Trainees – Finance/Accounts/ Taxation/Costing

The Lokhandwala Group, leading property developers of Bombay are taking up several new projects in both **Bombay** and **Bangalore.** They are planning to diversify into **hoteliering** and have also undertaken an **amusement park** project in Bangalore.

For their projects in Bombay and Bangalore, they require bright, young chartered accountants/cost accountants/ management graduates/civil engineers as Management Trainees.

The incumbents will be given intensive training in one or more of the following areas:
(a) Finance (b) Accounts (c) Taxation
(d) Costing (e) Property (f) Purchase

Aspirants should be:

(i) Qualified chartered/cost accountants or
(ii) MBA/MMS – Finance from either IIM or the Jamnalal Bajaj Institute of Management
(iii) Civil engineers from IIT or other reputed institutes

with 0-3 years' experience.

Preferred age: Below 27 years

Training period: 2 years

Monthly stipend: Rs. 2,500/- in the 1st year and Rs. 3,000/- in the 2nd year

On successful completion of training, the incumbents will be suitably absorbed in the executive cadre.

Please send your résumé within 15 days marking on the envelope, the post applied for, to:

Lokhandwala Constructions
48 Indranarayan Road Santa Cruz (West)
Bombay 400 054

Mudra: B: LW: 4988: B

WE ARE EMPLOYED TO EMPLOY

For our clients we need personnels for following Industries:

AUTOMOTIVE/AUTO ANCILLARIES: Mechanical Engineers For Purchase, Production, Q.C., R&D, Marketing, Servicing, Materials/Stores, Sheet Metal, Paint Shop, Electroplating, Design and Process planning.

COMPUTERS: Engineers/MCA/ MBA/M.Sc/M.Stats/Operations Research For Systems/Applications Programming, Systems Analysis, Servicing, Maintenance and Marketing.

OFFICE AUTOMATION: Engineers or MBA For Marketing, Production, Q.C., R&D and Servicing.

WATER TREATMENT/PIPING/ SEWAGE PROJECTS: Mechanical/ Civil/Electrical/Chemical/ Metallurgical Engineers, Draftsman, ITI Diploma holders for Projects, Expediting, Purchase, Sales and Designing.

OTHER PROFESSIONALS:
Chartered Accountants: With experience in Taxation, Finance and Internal Audit.

Personnel Managers/Officers: MBA/MSW with experience in HRD, IR, Administration and Labour Welfare.

Import Officers: With knowledge of Procedures and Policy.

Commercial Executives: With knowledge of Banking, Excise, Stores and Purchases.

RK

R.K. ASSOCIATES
(Placement Division)

1304, Hemkunt Tower,
98, Nehru Place,
New Delhi-110019
Phone: 6411581, 6433015

SEND YOUR BIO-DATA FOR BETTER PLACEMENT

CONTAD/88

CHIEF EXECUTIVE

A well known and professionally managed Industrial group having a turnover of over Rs. 150 crores wishes to recruit a top notch professional to take charge of its cement plant located in South India.

The incumbent will head the unit and will be responsible for its profitability. He will take charge of the entire operations including manufacturing, finance, marketing and personnel functions.

Outstanding professionals with ability to lead a team of managers to achieve sustained growth in a competitive environment, is ideally suited for the job. He should have good leadership qualities with proven managerial skills.

Candidates should have around 15-20 years experience of which atleast 10 years must have been in a senior management position with an excellent track record. Experience in either cement or any process industry is essential.

M.S.S. Varadan
Om Consultants (India) Pvt. Ltd.
Post Bag 356, Malleswaram
BANGALORE – 560 003

The Company offers an attractive emoluments package with liberal perquisites. Salary will not be a constraint for the right candidate.

Applications superscribed with reference number ES-709 giving all details should be mailed within 10 days to the above address.

WANTED

PROFIT CENTRE HEAD

We are a Rs. 800 Cr. group of companies, with interests in diverse areas, including soft drinks.

The Job : The person we are looking for will act as the profit centre head in our soft drink unit located in Faridabad. He will be expected to meet sales targets in the city of Delhi, and ensure profitability of the unit.

The Man : We would prefer someone with an MBA, who has had some experience in the soft drinks industry, who can motivate and provide leadership to the production and sales team. He will be expected to ensure efficient production and effective distribution. Ability to think analytically and enforce strict financial controls will be essential.

The Remuneration : For the person who can deliver the goods, the remuneration package will be attractive. There are opportunities for growth within the Group for proven performers.

Please send your Bio-data, along with a passport size photograph to the address given below within 10 days :

Box No. AA/275/LI/6, **Business India**, 59 Regal Building, Connaught Circus, New Delhi-110 001.

DIRECTOR OF RESEARCH

We have vacancy for the position of Director for our Economic & Scientific Research Foundation (ESRF) in New Delhi.

ESRF is a major national research centre conducting short term/long term research on various national economic/business problems of relevance to industry and agriculture, including sponsored research from governmental/corporate bodies.

ESRF is government recognised, and managed by an independent board of trustees.

The Director will have integrated responsibility for the efficient management of the Foundation. He will need to have a macro/micro level perception of national/international economic affairs, research capability, and be able to lead a team of research executives.

Applicants should have post-graduate qualifications preferably with doctorate in national/international economics/related subjects. He should have made considerable contribution of articles in newspapers/ magazines.

Applicants should have about 7 years experience in a similar senior management position in a research organisation in government or corporate enterprise.

The gross emoluments will be over Rs.1,00,000 per year besides post retirement benefits of PF, gratuity, etc.

Please apply with particulars of education, experience, contribution made to media etc within 30 days to: Hon. Director, Economic & Scientific Research Foundation, Federation House, Tansen Marg, New Delhi-110 001.

ECONOMIC & SCIENTIFIC RESEARCH FOUNDATION

GENERAL MANAGER — WORKS

NEAR DELHI MCS/D/123 **Excellent Terms**

We have been retained by a professionally managed engineering company belonging to a large industrial house to locate for them "General Manager — Works" for their precision automotive works located close to Delhi.

The General Manager will have over-all operational results responsibility for the works including production, planning, procurement, quality assurance, cost control, industrial harmony etc. He will be required to sustain high productivity, continuously up-date technology and maintain good labour relations to achieve optimum corporate results.

The position calls for a mature business manager, having about 10 years experience in a senior management position with multi-functional responsibility. Engineering back-ground would be preferable.

Salary will not be a limiting factor for the right candidate and the position carries very attractive compensation package which is designed to attract the best available talent.

Please apply within 10 days with complete bio-data marked with the appropriate reference number to:

Price Waterhouse Associates Pvt. Ltd.
407, Padma Tower-I, 5 Rajendra Place,
New Delhi-110 008

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Software Packages ● Project Reports ● Insurance Consultancy

REGIONAL MANAGERS

CONSUMER ELECTRONICS

Bombay/Pune/Calcutta **Good Terms**

Our client is a highly successful, top ranking and professionally managed company manufacturing & marketing Colour and B & W television sets under a popular brand name. The products manufactured with foreign technical know-how are well known for quality & performance and enjoy a sizeable market share. The company is on the lookout for competent marketing professionals with a good track record to head its marketing & sales activities in the Western/Eastern regions.

Key areas of responsibility include publicity, increasing & sustaining sales volumes through dealers and institutional sales, dealer development, credit control, after sales service, training & motivating sales force, commercial & administrative matters, etc.

Candidates should preferably be post-graduates in management/marketing with 8–10 years experience handling consumer durables with good exposure to the Western/Eastern markets. They should presently be Branch/Area Managers in an organisation of repute handling a sizeable turnover. Age: 30–35.

The compensation package besides an attractive salary will include liberal HRA, Company Car, LTA, medical, PF, superannuation, etc. For position located at Bombay, candidates should have their own arrangements for accommodation. Apply, within ten days, with detailed bio-data marking envelope and application with job title & code RMC/MDS/1515. ALL APPLICATIONS WILL BE TREATED IN STRICT CONFIDENCE.

Personnel Selection Division

ABC CONSULTANTS PRIVATE LIMITED

4, Jagannathan Street, Madras 600 034. Phone: 470778

Materials Management ● Organised Cost Reduction ● Systems & Procedures

---

We are one of the major players in the rapidly-growing satellite-based communications market in India. Presently we market projects involving installation of satellite dish antennas and signal distribution equipment, from our four offices at Delhi, Bombay, Calcutta and Madras. Our growth has exceeded 100% each year for the past three years.

As part of our decentralization plan we aim to increase the level of operations at each regional office. To head these offices we need:

REGIONAL MANAGERS

Delhi, Bombay, Calcutta, Madras **Rs. 60,000.00 p.a. plus perks (housing will be offered in selected cases)**

Candidates should be MBA's with ideally 5/7 years work experience, of which at least 2 years should have been in a managerial position. More important, the assignment demands initiative and innovativeness to tackle the challenges of a new and exciting field.

This is a position in the senior management cadre reporting to the Marketing Manager. Apart from an attractive package we offer you a wholly professional work environment that encourages result-oriented thinking and provides a growth-opportunity that large set-ups cannot match.

Apply in confidence to:

The Director
CATVISION PRODUCTS LIMITED
108 Bhandari House, 91 Nehru Place, New Delhi 110 019. Ph: 6416152, 6442743

CATVISION

SALES MANAGER

H.O. : NEW DELHI

AREA OF OPERATIONS	20 States and Union Territories covering North/West/ East India.
PRODUCTS	Colour Televisions, Video Cassettes, Audios, Video Cassette Recorders.
TURNOVER	1988 — Rs. 65 crores, 1991 — Rs. 195 crores (expected)
RESPONSIBILITIES	Achieving sales targets. Managing 4 regional offices, 20 branches/depots, a sales team of over 70 executives and a dealer strength of 700. Management information system with special emphasis on marketing intelligence. Market and marketing research. Product management, advertising and publicity. Training and development of sales/marketing personnel.
QUALIFICATIONS	MBA with Marketing.
EXPERIENCE	Over 10 years in the functional areas mentioned above with strong leadership qualities and managerial competence.
REMUNERATION	Negotiable — matching the best industry.

Contact : Mr. Vikram Hoon on phone Nos. 6830424, 6839577.

Please send your bio-data to :

MANAGER — HRD
MONICA ELECTRONICS PVT. LTD.
GA-2, B-1 Extn., Mohan Co-op. Indl. Estate
Sher Shah Suri Marg, Badarpur
New Delhi-110 044

ONIDA

SENIOR SECRETARY

have vacancy for a Senior Secretary for our main office in New Delhi.

CI is a nationally/internationally recognised apex federation organisation for Chambers of Commerce & Industry
h an annual budget of over Rs.150 lacs, Personnel strength of over 200, and organised with several functional
nagement divisions.

e Senior Secretary will have integrated responsibility for efficient management of the designated management
isions of FICCI. requiring preparation of management information, economic position papers, coordination with
vernmental authorities, liaising with FICCI members, organising meetings etc.

e selected candidate would have deep perception of national economic plans/policy, analytical ability, and
ability of leading a team of executives. He should have fluency in oral/written communication, and strong
ministrative talent.

plicants should have at least 7 years' experience in a similar senior management position in a large business
erprise, or preferably in a large national Chamber of Commerce & Industry.

is is a senior management position in FICCI, and offers scope for advancement.

e gross emoluments will be over Rs.1,00,000 per year besides post retirement benefits of PF, gratuity, etc.

ase apply with particulars of education, experience. contribution made to media etc within 30 days to: The
cretary-General. The Federation of Indian Chambers of Commerce & Industry, Federation House, Tansen Marg,
w Delhi-110001

THE FEDERATION OF INDIAN CHAMBERS OF COMMERCE

Maharashtra remains No 1

Anand Bhadkamkar *assumed charge as Development Commissioner (Industries), Maharashtra on 8 July. A former army officer, he was managing director, State Industrial and Investment Corporation of Maharashtra, before this appointment. Basudev Dass of* Business India *spoke to him at his office in Bombay*

Today there is a state level industrial development agency in each state, like SICOM in Maharashtra. What is the role played by the development commissioner's office?

The development commissioner's (DC) office has two wings — the office of the additional commissioner and that of the additional director. There are also five functional directors in charge of licensing raw materials etc. The DC has two roles — regulatory and developmental. The responsibilities include, registration of small scale industries, allotment of scarce raw materials, acting as chief stores purchase officer, monitoring of government location policy. The DC is a member of the boards of all development organisations in the state — SICOM, MSFC, MSSIDC, MIDC. The DC's office helps entrepreneurs to secure letters of intent and DGTD registrations. In short, it operates as a field organisation for the state government in industrial development.

What is Maharashtra's position in industrialisation in the country? What is the rate of growth of investment in the last three years? How has the state fared compared to Gujarat and Karnataka?

We remain No 1 on the basis of letters of intent received and their conversion to industrial licences, number of industries registered, strength of labour, loans disbursed by SICOM and MSFC. It is true that other states such as Gujarat, Karnataka, UP, Tamilnadu and Andhra Pradesh are not far behind. But Maharashtra's base being so large, a jump ahead would not be very high. In absolute terms the state has maintained its growth. One reason for this is that labour relations in Maharashtra have been extremely cordial. Till the first week of September only 17,000 of a total force of one million labourers were on strike or lockout. You will agree with me that this is not an alarming situation.

More than anything, decentralisation in decision making in government-run departments has received lip service. Recently chief minister Sharad Pawar, categorically stated that "the powers of decision-making at different levels will be decentralised". What steps have been outlined to ensure progressive decentralisation?

As far as the industry department is concerned, the DC has delegated decision-making to three levels — district, regional and head office. There is also functional decentralisation at the various state level corporations. For instance at MSFC, loan disbursal up to Rs.3 lakhs-5 lakhs is done at the regional level; at MIDC small entrepreneurs are allotted land by the general manager of MIDC.

There is an urgent need to decongest Bombay very quickly. One way that has been discussed is to establish links with the mainland across Bombay harbour and develop that region. This seems a very logical and obvious step that should have been taken very long ago. What are your views on that matter?

I do agree with you. But only linking the mainland with Bombay will not decongest Bombay; industries will have to be created elsewhere in Maharashtra. The government has developed growth centres in Jalgaon, Satara, Sangli, Wardha, Aurangabad, Ahmednagar, Nashik, and Nagpur. There is a
committee which submitted a r
traffic decongestion in Bombay
chaired by K.G. Paranjape, a for
chief secretary of Maharashtra.
have not allowed any new indu
come into Bombay since the ea
seventies. We are also gtrying to
minor ports, for coastal area
development for creating indus
infrastructure. The strategy has
spelt out and the logistics are
worked out.

A basic tenet of attracting in
the tehsils (decentralisation
industry) is making available
infrastructure. In a planned e
it is possible for the state to
initiatives at this level and ex
industry to follow. Would you
that this has been a strategy
Maharashtra government has
followed? Or is it any differen

Yes. It was reiterated by Sharad
at a press conference recently;
there would be more growth ce
where infrastructure would be
to attract industry.

The recent Bajaj Auto lockou
Waluj poised a basic question
backward area development r
to remuneration on the basis
industry and region. Workers
Waluj factory asked for wage
with the Pune factory workers
you believe that it is importan
relate wages to the locational
of plants?

This concept can be seen from
angles. The government gives g
incentives because when indust
to virgin areas it needs incentiv
presumed that the cost of livin
backward areas may be slightly
than the developed areas. In m
regions, labour is untrained and
industrial culture is absent. The
industry expects to pay lower w
Aurangabad in the initial stage
development, wages were ridicu
low if you compare it with toda
standards. But this need not be
perpetually the case. The princi
differential wages is universally
applicable. In the developed co
wages are higher than in develo
countries. As production efficie
improves, wages also increase. I
quite likely that the wages in th
developing centers will be lower
the developed centers. But that
not mean it will remain so.

C'est Magnifique

Le Meridien—the pride of New Delhi! And part of an international chain of over 50 very special hotels... that elevate gracious living to a fine art.

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Le
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NEW DELHI

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RN 35850/78

REG. No.
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